

Hingis search of Grand Slam win



# THE INDEPENDENT

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WEATHER: Cold with sunshine

(IR45p) 40p

## THE TABLOID

Clinton and the women



## THE TABLOID

Fashion goes paisley



## PROFILE

The Likely Lad PAGE 12



# Major vows to thwart coup by Tory right

Anthony Bevins  
Political Editor

John Major will block any right-wing attempt to force a Conservative leadership challenge this summer even if he loses an early election.

A senior party source said last night that Mr Major would do his utmost to thwart a right-wing take-over of the party and would resist plans to whip up a stampede in favour of challengers such as John Redwood or Michael Portillo.

Speculation that the Prime Minister was preparing for a snap poll in March or early April was rife as the Commons returned from its prolonged Christmas break yesterday.

A Conservative "pre-election rally" is planned for Saturday to celebrate the fiftieth anniversary of independence for India and Pakistan - seven months before the actual birthday on 15 August.

And with the Tory election juggernaut trundling along at an accelerating pace, the party yesterday advanced its Welsh conference by four months from the scheduled date of 13 June to 14 February, St Valentine's Day.

Mr Major, who returns from a visit to the Indian sub-continent today, is expected to address both conferences as part of the election build-up.

One argument that has been used against an early poll is that it would open the way for an early leadership challenge by supporters of Mr Redwood and other Tory right-wingers.

But the senior source told *The Independent* last night that the leadership election rules gave Mr Major an

effective veto over any right-wing attempt to stampede the party into a rush decision on his replacement in the event of an election defeat.

Under the rules, a leadership election can only be forced if 10 per cent of the party's MPs call for a ballot within three to six months of the general election. The rules state that if 10 per cent of the new Parliament's MPs demand a ballot it must be held "not earlier than three months and not later than six months from the date of assembly of that Parliament".

Some right-wingers believed that meant there could be a leadership challenge to Mr Major in July if a general election was held in March or early April.

But the rules then add that the chairman of the backbench 1922 Committee, who is responsible for the conduct of all ballots, shall tell the leader an election is required, "and together they shall determine the actual date".

This critical escape clause provides Mr Major with the essential delaying power to stall a leadership ballot until the following October, even if he decides on a March general election. In the view of Mr Major's friends, that would give the party enough time to thwart right-wing ambitions to take over the party. Senior Conservatives believe Mr Major has no intention of resigning the leadership immediately in the event of an election defeat, as the former Labour leader, Neil Kinnock, did in 1992.

Mr Kinnock announced his resignation as Labour leader on the Monday after polling day, unlike Michael Foot, who had held on until the

autumn party conference following his general election defeat in 1983. The Foot precedent is favoured by the Major camp.

Yesterday, Michael Heseltine, the Deputy Prime Minister, and Brian Mawhinney, the party chairman, maintained the election momentum at a press conference.

They said a threatened legal challenge to Labour's proposed "windfall tax" on the privatised public utilities left a £1.8bn "black hole" in Labour's spending plans. Mr Heseltine said Labour could only have received legal advice that it could go ahead with the tax on the basis of firm factual definitions about the companies that would be targeted and the "excess profits" that would be subjected to the tax. He said if Labour had the answers to those questions, it should publish them. A party strategist said last night that the Tories would continue to pile pressure on the windfall tax, which Mr Major yesterday described as "a pig's breakfast".

Speculation about the election timetable date was rife at Westminster yesterday, with 20 March and 10 April remaining the favoured alternatives to 1 May.

Mr Major would need to call a 20 March election by 24 February and 12 March would be the last day for the announcement of a 10 April poll, after which 1 May would be the only possible alternative.

A Labour source said last night they were sceptical about Mr Mawhinney's promise that the Wirral South by-election would be called by 3 February, within three months of the death of the Conservative MP, Barry Porter.



Anything for a vote: The Prime Minister wearing a tribal turban presented to him by the Afghani tribesmen of Pakistan's north-west region of Landi Kotal yesterday. Mr Major returns from his official visit to the Indian sub-continent today. Photograph: AP

# Kilroy guests square up to Max factor

Jojo Moyes

It was the kind of story that Max Clifford would have loved to tell. A television brawl between a controversial publicist and a Conservative MP, making victims of the daughter of the Deputy Prime Minister, a Labour MP and a right-wing political columnist, and halted by, of all people, Derek Hutton, former deputy leader of Liverpool City Council.

Yet this one involved Mr Clifford himself, when yesterday's *Kilroy* debate on BBC1 on the allegations surrounding the Tory MP Jerry Hayes became a little more heated than expected.

According to a spokesman for Kilroy Television, Mr Clifford, who publicised the allegations about a relationship between Mr Hayes and a young male researcher, and the Conservative MP Roger Gale began



Derek Hutton restrains Max Clifford after the confrontation that left Annabel Heseltine and Roger Gale (right) shaken



"staring each other out" before the programme began.

"All of a sudden Max lunged forward from his seat and sat right in front of Roger. They were nose to nose snarling at each other. We tried to intervene and then Derek Hutton said to Max, 'If you want a scrap, scrap me,'" he said. "When Derek jumped in he accidentally nudged Boris Johnson of the *Daily Telegraph* and some water went over Margaret Hodge. There was a melle. Max threw his arms out and accidentally caught Annabel [Heseltine] on the arm. This was happening minutes before we went on air. Everybody thought it was going to be cancelled."

The programme, described as "somewhat heated", went ahead, with a BBC spokesman commenting: "It always gets quite frisky."

Last night Mr Clifford, who recently announced a personal vendetta against the Government, and Mr Gale were still at loggerheads, never who started the altercation.

"I am told that he said that if I was in the same studio he would hit me," Mr Gale said. "I was astonished by his behaviour, which appeared to be to try to physically intimidate me."

"But I am not the easiest person in the world to be intimidated. I have been critical of him in the past and shall continue to be in the future. He has certainly got an attitude problem and he does not like Tory MPs."

Mr Clifford denied trying to punch anyone. He said he crossed the studio to confront Mr Gale when he spotted the MP mouthing words at him.

"He was either blowing me kisses or saying something," he said. "I don't think he was blowing me kisses. I've told him before I think he's utterly repulsive. There's no love lost between us."

Mr Hutton, not generally known for his mediation skills, said of his role: "I always step in to make sure peace and tranquillity are around. I just wanted to make sure everything was friendly."

## 'Redneck' rockets to the top prize

I starred last night, I shone: I was footwork and firework in one, a rocket that wriggled up and shot darkness with a parol of brilliant, and a peewee descendant on a flung bit, I was busters of glitter-bombs expanding to mantle and aurora from a crown, I was fouettés, falls of blazing paint, para-flares spot-welding cloudy heaven, those gold of fierce toothholds of white, a finale red-tongued as a haka leap: and too was a butt of all right!

As usual after any triumph, I was Of course inconsolable.

This poem, called "Performance", is from Les Murray's collection *Subhuman Redneck Poems* which yesterday won the £5,000 TS Eliot Prize for poetry.

Full report and an appreciation of Murray's work, page 5

# Millennium Exhibition could be scrapped

Christian Wolmar  
Westminster Correspondent

Plans for the Millennium Exhibition have been drastically reined back by £120m amid growing concerns on the Tory backbenchers over whether it should go ahead at all.

Even as the new budget of £580m, including a £200m grant from lottery funds, was being presented to the Millennium Commission for approval yesterday, several backbenchers expressed doubts. Tim Devlin, Tory MP for Stockton South said: "Why not instead promise every town above a certain size a swimming pool, or a small concert hall, ensuring that the money is spread around?"

David Wilshire, Tory MP for Spelthorne, agreed. "I feel a sense of unease over so much money going to one project in London, which gets so much already," he said. "A lot of people are

concerned about these grandiose projects, particularly when business has not come forward to support them. You could spend £1m on 200 different schemes which would make a real difference to lots of communities. I'd be staggered if somebody didn't raise this point when the issue comes to the House."

The revised budget will be presented to ministers and to Jack Cunningham, the Labour Party's National Heritage spokesman by Jenny Page, who is now the chief executive of the Millennium Commission but will take over the running of the exhibition if it goes ahead.

In the new budget, building costs of £90m for a pier, covered walkways and extra pavilions have been cut. In addition £40m has been taken out of the estimates for operating costs, partly because the project will now be run directly by the Government rather than as a private commercial outfit.

The projected number of visitors to the dome at Greenwich has been reduced from 13 million to 10 million, reducing the estimated income from £300m to £170m. The earlier budget suggested that there could be losses of up to £400m if there was bad weather or building cost overruns. This has been reduced to a maximum of £200m.

A spokesman for the Millennium Central, which is to run the Exhibition, said: "We expect maximum losses of £60m, and if the visitor numbers are higher than expected, there could be a tidy profit."

However, the private sector has so far promised less than £50m of the £150m it was expected to contribute and Millennium Central sources admit funding will be much more difficult owing to the uncertainty of the past months.

Ms Page is meeting Mr Cunningham tomorrow. His agreement is vital for the future of the Exhibition as without it, private sponsors will not put money in.

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## QUICKLY

### US link to bombs

Letter bombs found in the UN in New York were linked with one sent to a newspaper office in London. Page 2

### Stalemate broken

A compromise is likely between Israel and the PLO for total military withdrawal from the West Bank. Page 8

# ARE YOU PAYING TOO MUCH FOR YOUR LIFE ASSURANCE?

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# Have we done our homework on the life of a teenager?

The world of the 13-year-old is more complex now than when Tony Blair sat down to his prep, writes Judith Judd



Throwing light on the subject: Stella Williams, aged 13, settles down with pen, paper and books for an evening's school work

Photograph: John Voss

Tony Blair's decision to prescribe homework times adds another complication to the confusing world of the 13-year-old.

On the one hand, teenagers are under pressure to earn money to eke out family finances or to buy the latest pair of designer trainers.

On the other, they feel the need to work hard at school because jobs for 16-year-old school leavers are harder to come by than those for 18-year-olds, and most expect to stay on at school.

Which ever party wins the next election, home preparation will be on the agenda.

Today the Government will release its own guidelines on homework. No times will be included but schools will be encouraged to copy the good practice of others.

Not to be outdone, the Prince of Wales yesterday congratulated Scotland on leading the way in providing out-of-hours study centres for inner-city pupils. The Prince's Trust aims to develop 1,000 such centres by the year 2000.

The ideas of both the Prince and the Government are more acceptable to teachers than those of Mr Blair. His efforts to impose homework times on schools face other problems besides the teenagers who are sitting behind the supermarket till when they should be grappling with Shakespeare.

Labour sources explained yesterday that the set times of 30 minutes for primary pupils and an hour and a half for secondary would not themselves be legally enforceable. Schools would be free to decide what they put in their contracts but the Office for

Standards in Education would ensure through its inspections that home preparation was included.

The aim is to raise the profile of homework. A recent survey by the National Foundation for Educational Research found that 43 per cent of primary pupils received no regular work to take home.

Teachers support the end

but are scathing about the means. David Hart, general secretary of the National Association of Head Teachers, which strongly supports home-school contracts, said: "Labour needs to understand that we need more prescription like a hole in the head."

"It isn't sensible to try to prescribe even by means of inspection what should or should not be in a home-school contract."

Nigel de Gruchy, general secretary of the National Association of Schoolmasters' Union of Women Teachers, said: "Legislation will do nothing to solve the biggest problems which are television, videos and parents who aren't interested in homework."

Most research evidence shows

that carefully set and marked homework improves standards. American studies have shown that children who do regularly marked homework do better than those who do not.

Yet Italian children who do more homework than British children do worse in international tests while Finns, who do less, score better.

Inspectors emphasise that it is the quality of homework that counts. If the political initiatives mean ever-growing quantities of boring homework, they will fail to woo teenagers from their paper rounds.

John Coleman, director of the Trust for the Study of Adolescence, said: "I'm not someone who looks back to a golden age but we do have hard evidence that there are more pressures on today's teenagers. They become sexually active earlier, there is more youth unemployment, more are living with single parents and the gap between those with plenty of money and those with little has widened."

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Letters, page 11

## What they're saying on the classroom floor

The journalists at Children's Express, the press agency gave a full range of responses to Tony Blair's Initiative on homework - and hope he will do more of his own if the Labour Party wins the next general election.

Nine-year-old Anton Yavorsky, a year five pupil at St Mary of the Angels primary school in Notting Hill, west London, says it is hard to judge who would benefit from 30 minutes of homework a night: "Some people take longer to do the same work. I got homework, but not every night - it usually takes about 15 to 20 minutes. Mostly it's spelling and maths," he said. "Maybe

I'll wish we had more homework when I go to secondary school."

Increasing homework at primary school was seen as a good idea by the secondary school pupils who were interviewed. Tara Glynn, 17, from Hackney, east London, said: "I never did homework in primary school until the last year. When I started secondary school it was part of growing up and gaining responsibility."

Tara, who is in her final year of A-Levels at Our Lady's Convent School, in Stamford Hill, east London, says homework varies from day to day even at her level. "Homework depends on

what happened that day at school. I don't think I agree with the idea of parent-teacher contracts because the children will only get resentful."

Senab Adekunle, 14, is in year 9 at Elizabeth Garrett Anderson Secondary School, in Tony Blair's Islington constituency. She does the homework her teacher assigns and extra work where possible. "Not everyone has a stable environment at home. Homework centres would show that there is support for you and that adults think your studies matter."

Twelve-year-old Juanita Rosehoir said: "In my school they sometimes

overdo the homework and I don't get to bed until 10pm." Juanita, a pupil at Greycoats Hospital Lower School in Sloane Square, west London, added: "It's not fair to say that you should do a certain amount because they don't know how all the pupils can cope."

Gillian Antwi-Bosaiako, 10, a pupil at St Francis primary school, in Peckham, south London, gave a novel response. "I do my homework because I'm usually bored at home," she said. "I get one piece of homework at night which takes me about 15 minutes. It's not enough and is too easy most of the time. I think I will find it harder

at secondary school because it is too easy now."

Gillian says Blair's promise of 30 pupils per primary school class does not go far enough. She currently has 25 classmates. "There should only be 15 in a class. With 26 it's really crowded and there are more people who ruin your learning when they are mucking about."

Children's Express is a programme of learning through journalism for children aged eight to 18. A charity, it provides a news service that promotes the views and investigations of the young.

# Illegal labour takes toll on children's education

Barrie Clement  
Labour Editor

Children's education is being seriously impaired by work undertaken illegally outside school hours, according to a poll published today.

Nearly a quarter of children under the legal age limit of 13 have jobs and more than a quarter say they are sometimes or often too tired to do their school work as a consequence.

The survey, conducted by Mori for the TUC, found that one in five 11-year-olds and more than one in four 12-year-olds had performed paid work.

The most popular job during term and in the summer holidays for all 11 to 16-year-olds was babysitting - undertaken by around 40 per cent of schoolchildren who work. Paper rounds were taken on by more than a quarter of working children. Girls were significantly more likely to perform babysitting and boys paper rounds, partly accounting for higher injury rates among boys.

Cleaning and shop work also featured prominently in the list of tasks frequently undertaken. Some 2 per cent did work in factories during term time and 3 per cent during the summer holidays - which is illegal.

One in six youngsters between the ages of 11 and 16 work seven days a week and one

in five had been involved in an accident or been injured at work. Mori found in the poll of 4,295 pupils in 175 schools.

Nearly 40 per cent of 11- to 16-year-olds had worked before 7am or after 7pm, which is also illegal. Almost a quarter of 11- and 12-year-olds had breached the hours limit.

The TUC believes it is the first time the true extent of illegal working among children has been revealed and attacks the Government for allegedly delaying European law which would reinforce and simplify existing British legislation. The European directive on the protection of young people at work was due to be implemented in this country by last June.

While some had employers knowingly exploit children as

cheap labour, says the TUC, most are ignorant of the legal constraints and so are parents.

British law is a "confusing mix" of hundreds of by-laws, the application of which is undermined by inadequate resources, and national legislation.

John Monks, general secretary of the TUC, said that while earning extra pocket money enabled children to learn independence, their education and health should not be allowed to suffer. He said: "Many employers are probably just as confused as most parents about what the law says on employing school kids. What we need urgently are clear, standardised laws and proper resources for local authorities to enforce them effectively."

The survey found regional variations. More Welsh children worked as cleaners (23 per cent) than any other region and in East Anglia more than a quarter were employed in catering and one in 10 on farms.

The TUC commented that school-age workers received "lousy pay". Nearly four in 10 earned less than £10 a week during term time and just one in 10 earned £30 a week. Holiday jobs were better paid, probably because of the longer hours. During the summer two-thirds earned up to £30 a week and one in five between £30 and £100.

## This working life

Reporters from Children's Express, a charity which provides a news service for youngsters, spent a day applying for jobs. Here is what happened to them.

Majida Khatun, 14, was offered £1 per hour to stack shelves and help shoppers at a convenience store in Peckham, south-east London. "The boss told me that people with experience get more," she said.

Later, Majida was offered £30 to work a 40-hour week at a hairdresser's, also in Peckham. "I said I was offered £10 if she agreed to work on Saturdays," she said. "She didn't ask me if I had any qualifications. I would have had to shampoo customers and clean up."

Fifteen-year-old Marisa Aziz (not her real name) took on a summer job at a dentist's surgery in Shepherd's Bush,

west London, in June. As well as general reception work and making tea, Marisa was surprised to be asked to help with mouth suction, sterilisation of equipment and other tasks normally reserved for a trained dental nurse.

"I worked from 9.30 to 6, and I was paid only £10," she said. "I told them I was 15 and they said it didn't matter. When my parents found out, they made me quit."

Dan Redre, 15, (name also changed) said he worked for 60 hours in one week at a restaurant in north London in July. He received £70. "I was a waiter. I didn't enjoy it at all," he said. "I started early in the morning and finished late at night. I didn't know how much my wages were because I was a beginner, but at the end of the week, I left."

## An Open Letter to the Lord Chancellor

Dear Lord Mackay,

On 14th November we notified the Prime Minister of the denial of human rights that results from politicians limiting access to justice. We called for the establishment of an autonomous Head of Judiciary as an act of good faith.

We now know that you have stated that "should there be a conflict between common law and the will of Parliament, the will of Parliament would prevail...whether the law was good or bad."

In plainer language, you openly put your duty to deliver justice second to the interests of the political party that elevated you and in whose policies you as a Cabinet Minister have a personal stake.

But when the government of the day abandons moral authority by misrepresenting the will of the people in order to do as it pleases, its legislation isn't entitled to special treatment.

We are also unhappy with the example you set. Should judges believe that there is nothing wrong with subordinating justice to privilege? Those are the ethics we expect of a banana republic.

In our view there is a constitutional crisis. Only a judiciary uncorrupted by politics is worthy of respect. Your position seems untenable.

Suzon Forsey-Moore, Organiser of the Campaign for a Fair Hearing

Member Organisations: Action for Justice, New Democracy Action, The M25 Three Campaign, The Cheltenham Group, The Litigants in Person Society, Royal and Sun Alliance Action Group, Holtsfield Community Campaign, The Christian Commission on Scandals in Justice, Victims of Tranquillisers, The Miscarriages of Justice Register, The Albion Party

## An Open Letter to the Shadow Lord Chancellor

Dear Lord Irvine,

Labour will incorporate the European Convention on Human Rights into UK law. We call for a faster, broader, more direct way to achieve similar results.

A simple Transfer of Functions Order can create a structurally independent Head of Judiciary who would also take over the Home Secretary's quasi-judicial powers in regard to sentencing, immigration and appeals.

There should be an honest admission that Ministers are not infallible. Accountability is crucial. People are more than electoral fodder and should be treated accordingly.

Concerned individuals and groups should be able to challenge wrongful legislation. A government which accepted that legal principles could be used to check its power would deserve our approval.

(After 18 years of one party rule, the judiciary, the most powerful of quangos, needs renovation. All judges should be asked to apply to a non-partisan panel for reappointment.)

The legal system is deeply flawed. But a new administration could begin to regain public confidence with these low cost but meaningful reforms.

# Spice Girls are Brits hot tip

The ubiquitous Spice Girls will probably clean up at this year's Brit Awards, it was announced last night.

The teenyboppers' favourites were nominated for best British new group and best British new-comer. Their No.1 single, "Wannabe", nominated for best British single, and "Wannabe" and "Say You'll Be There" both contenders for best video by British female artists.

Dance group The Prodigy, both tipped to do well, have been nominated for best video, best British dance act and best British single with "Firestarter". Dubbed as the music industry's Oscars, the Brit Awards hit

the headlines last year when Pulp's Jarvis Cocker staged a protest against Michael Jackson after he was mauled by the latter singer's apparent imitation of Jesus Christ.

This year the comedian, Ben Elton, will present the awards, to be held at London's Earl's Court Exhibition Centre on February 24. Britpop groups Oasis and Blur were not considered as they did not produce an album in time for the award nominations.

The most coveted of the 14 categories, apart from best British new-comer, are the best British male and best British female solo artists. Heading the

list for best male artist is George Michael, followed by Mark Morrison, Simply Red, Sting, and Tricky.

Best female artist nominations are Dina Carroll, Gabrielle, Donna Lewis, Louise, and Edie Reader.

The other nominations include:

Best British group: Kula Shaker, Lightning Seeds, Manic Street Preachers, Ocean Colour Scene and The Spice Girls.

Best video by a British artist: Chemical Brothers, "Setting Sun"; Diddy, "Good Enough"; Jamiroquai, "Virtual Insanity"; Manic Street Preachers, "A De-

sign for Life"; Orbital, "The Box"; Prodigy, "Firestarter"; Prodigy, "Breathe"; George Michael, "Fastlove"; Spice Girls, "Say You'll Be There"; Spice Girls, "Wannabe".

Best Album by a British Artist: Kula Shaker, K; Light-house Family, Ocean Drive; Manic Street Preachers, Everyting Must Go; George Michael, Older; Ocean Colour Scene, Moseley Shoals.

Best British Newcomer: Al-isha's Attic; Ash; Babybird; Bluetones; Kula Shaker; Light-house Family; Longpigs; Mansun; Mark Morrison; Skunk Anansie; Space; The Spice Girls.

The Campaign for a Fair Hearing is a non-profit human rights-based umbrella organisation. Our aims are to hasten the day when anyone can expect a fair hearing in an impartial court of law or the court of public opinion; to encourage constitutional reform; to widen public debate. We meet outside the Royal Courts of Justice and other UK courts every Wednesday between 12.30 and 2 pm. This is a time and place to apply pressure upon the government. Join us - the campaign is entirely staffed by sensible and dignified volunteers. Our member groups must commit their resources to their own priorities, therefore we must depend upon your support. If you can help us with the cost of advertising, together we can do a great deal to bring forward a general election - unite with us behind the power of this just cause.

I endorse the call for a non-political judiciary.

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c/o Action for Justice, PO Box 54, Cambridge CB5 8BB

## cant shorts

### Mother's plea for return of missing girl

A mother made an emotional appeal yesterday for the return of her nine-year-old daughter, missing for two days. As more than 200 police, civilians and army personnel continued their intensive searches of the garrison town of Warrimoo, Mrs Paula Evans, 29, pleaded for her daughter Zoe, to come home.

Shaking uncontrollably, barely able to speak for weeping, she told a press conference: "Zoe come home. You will not be in trouble. You are not grounded. Just come home."

Zoe's mother and step-father joined with the police appeal for public information to help trace the 4ft, slim-built girl of Asian appearance. She was last seen on Saturday morning when a schoolboy neighbour saw her in a play-park near her home at Pepper Place, the Warrimoo army housing complex.

### Manageress guilty of fraud at Harrods

A Harrods manageress was found guilty yesterday of helping to plunder more than £2.5m from the credit card accounts of wealthy customers. Elizabeth John, 42, of the store, which is owned by the Prince of Wales, was sentenced to 18 months in prison and a fine of £10,000. She was also ordered to pay costs of £10,000.

The manageress was found guilty of fraud after a trial at the Old Bailey. She was accused of using her position to obtain credit cards for herself and other people, and then using them to buy expensive goods and services. The judge said she was "a very clever woman" but had "used her intelligence for the wrong purposes".

### Taking politics literally

A group of young people who were accused of being "literal" in their interpretation of a political slogan, have been charged with a serious offence. The group, known as the "Literalists", were charged with "seditious libel" after they were found to have taken the slogan "I'm not a politician" literally and to have taken it to heart.

The group, which was made up of young people from various backgrounds, had been found to have taken the slogan literally and to have taken it to heart. They had been found to have taken the slogan literally and to have taken it to heart. They had been found to have taken the slogan literally and to have taken it to heart.

### Warning over pay increases

A warning has been issued to 27 unions expected to go on strike over pay increases. The warning was issued by the TUC, which said that the unions' demands for pay increases were "unreasonable" and that the unions' actions would be "damaging to the economy".

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### SPAPERS PORT RECYCLING

of paper made up 41.2% of material for UK newspapers first half of 1996



# Labour warns councils over spending limits

Colin Brown  
Chief Political Correspondent

Labour councils are privately being urged by Labour leaders to set modest council tax rises in April by avoiding breaking their spending limits.

Many councils are angry with the allocations they were offered by the Government, and there were threats to carry on spending by raising council tax bills. It was estimated that council tax bills could rise by eight per cent.

If the general election takes place on 10 April, the bills could be landing on doormats a few days before polling day. The Government is ready to blame Labour councils for the increases in council tax.

Labour leaders are insisting the Government is to blame by rigging the grant support system to favour Tory authorities. But the message has gone out to Labour authorities to avoid falling into the Tory trap.

The councils have been given a clear warning that Labour will keep in place the spending clamp on councils to be forced through the Commons this month.

Frank Dobson, Labour spokesman for the environment, has warned Labour councils that an incoming Labour Government would not change



Dobson: Labour would not bail out overspent councils

the limits, which will be introduced from the new financial year on 1 April.

Councils are being told that they will not be bailed out for overspending if Labour comes into power. The message will underline Tony Blair's determination not to make promises before the election about higher spending which cannot be fulfilled.

"There is no way that any Government can tear up local government settlements or start changing the settlements

through the financial year, because the authorities have got to budget to be able to meet their expenditure," Mr Dobson told *The Independent*.

However, Mr Dobson will be leading the Labour attack on the system for being rigged in favour of Tory councils, such as Westminster, against Labour-controlled councils, such as Manchester, which, in spite of the IRA bomb last summer, will suffer from the spending allocation provisionally announced in November.

David Curry, the local government minister, and Sir Paul Beresford, the under-secretary of state, have met 80 separate delegations to hear protests about the sums they have been offered in the provisional settlement.

The order has to be passed by Parliament by the end of the month, and the figures confirmed next month for the councils to send out their council tax bills in April.

Councils which fail to abide by the limits will face capping in March to prevent them exceeding their spending allocations. Labour leaders believe that most councils will stick by the limits, and some will spend less than they were allocated to avoid a burden being placed on the rate-payers.



Hitting the right note: Michael Heseltine and Brian Mawhinney enlarging on the poster's question: 'Where is the money coming from Mr Blair?'

## Tories spot 'black hole' in Labour's costing

The Conservative Party chairman, Dr Brian Mawhinney, yesterday claimed a "new black hole" has opened in Labour's spending plans, following the row over legal problems with their proposed windfall tax on the utilities.

He said legal opinion on the windfall tax, which was pub-

lished yesterday by Aims of Industry, confirmed what the Tories have been saying about New Labour. "Their policies are flawed, the danger is in the detail and the taxpayer will foot the bill."

"Last November we published our costing of New Labour's public spending plans.

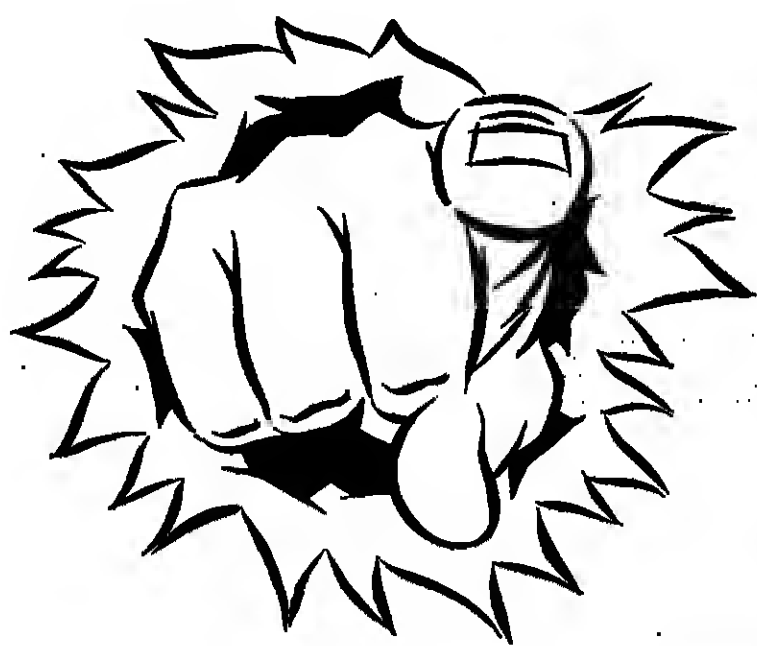
The total came to £30bn. New Labour did not deny these commitments but said that they had explained how their spending plans would be funded. They said that some of their commitments would be covered by the windfall tax.

"Now this opinion opens a new black hole in New Labour's

spending commitments. With their proposed windfall tax bogged down in expensive and lengthy litigation, how do they propose to cover the costs of their much trumpeted employment programme?"

"Their welfare to work youth employment pledge would cost £500m a year. Where would the money come from? There is now a new annual £1.8bn black hole in the few spending commitments Mr Blair has admitted would cost anything."

The Deputy Prime Minister, Michael Heseltine, also challenged Labour to name the firms that would be hit by the windfall tax.



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## Transsexuals win extra change from the lottery

A charity for transsexuals is among 65 recipients of lottery money grants announced today by the National Lottery Charities Board.

The Gender Trust, of Hordsham and Henfield, West Sussex, is awarded £33,700 in grants to health, disability and care projects totalling £9.6m.

The money for the charity, aimed at helping relieve emotional stress suffered by transsexuals and those uneasy about their sexuality, will go towards relocation and expansion.

The award was criticised by Tory MPs and, implicitly, by Virginia Bottomley, Secretary of State for National Heritage.

The largest grant is £500,000 to the Samaritans to develop and fund their helpline.

The Child Migrants Trust,

based in Nottingham, receives £197,000 to expand its work of re-uniting children who were sent to live in Australian Children's Homes after the Second World War.

The National Association For Frequent Strabismic Syndrome, in Sevenoaks, Kent, is awarded £161,112, which will be used to raise awareness of the condition.

Other groups receiving awards included the Leonard Cheshire Foundation for the disabled (£492,203), the Burma Star Association for war veterans (£33,454), the Royal National Institute for the Blind (£31,714), Cancer Relief Macmillan Fund (£150,000) and Community Service for Volunteers (£180,000).

Harry Greenway, Tory MP for Ealing North, said: "Support for transsexuals is not the right use of what amounts to public money."

Mrs Bottomley said: "I am delighted that the National Lottery Charities Board have decided to support medical charities and others including the Samaritans, the RNIB and the Burma Star Association which will be widely welcomed."

"However, it is for the Charities Board to explain and account for their actions in the areas which may not attract widespread public endorsement."

In the past John Major has expressed opposition to donations of lottery cash to organisations for groups such as lesbians. Last month the NLBC awarded £75,000 to an advice group for male prostitutes.

## MPs notch up the air miles, from Portugal to Venezuela

Fran Abrams  
Political Correspondent

MPs who suffer from airsickness need not apply. The 11 members of the House of Commons Foreign Affairs Select Committee clocked up 43 overseas trips between them last year, according to a report published yesterday.

The committee's members went to 11 different countries on six different group visits, most of them within Europe. However, all but two went to South America to view Britain's links with Venezuela, Mexico, Argentina, Brazil and Chile.

During the year groups of MPs also took trips to Denmark

and Sweden, Germany, Spain, Portugal and France. The word "junket" should not spring to mind, though. The committee waded through almost 100 meetings during the visits, plus more than 30 contacts with foreign dignitaries in this country.

David Howell, chairman of the committee, said the number of visits had been slightly more than usual last year, with the average standing at about three. However, the MPs had split into two groups for the South American visits, with three going to Venezuela and Mexico and a further six going separately to Argentina, Brazil and Chile. A report produced as a result will be published this week. The

trips were necessary, he said, "to remind Parliament, the press, Whitehall and the government that life doesn't begin and end in Europe. They keep you at it very closely indeed. They are working visits and there isn't much relaxation."

"Whenever it is called 'junketing', which it inevitably is, I think those who talk of it should come and spend a couple of days in Sarajevo, Kenya or Rwanda."

Two years ago the committee became the first group of MPs willingly to avoid the chance of a free trip abroad when they interviewed Chris Patten, Governor of Hong Kong, via a satellite link.

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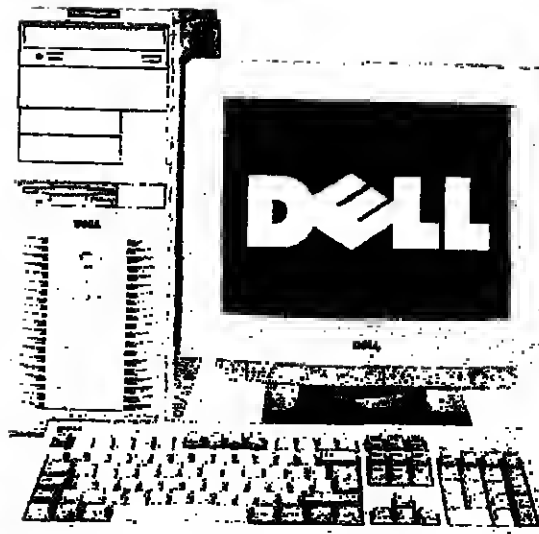
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# Sweet lines from a 'subhuman redneck' win top poetry prize

Marianne Macdonald  
Arts Correspondent

Les Murray, Australia's most distinguished poet, won the TS Eliot Prize for poetry last night while he slept soundly on the far side of the world.

His unconscious achievement was the greater given the competition on the short list of 10 from some of the world's greatest poets - above all, Seamus Heaney, winner of the 1995 Nobel Prize for Literature.

Murray's exceptional, versatile poetry derives from the isolated life he lives on a small farm in Bunyah, New South Wales, where he also grew up.

The £5,000 award for his collection, *Subhuman Redneck Poems*, was announced at 5.15am New South Wales time. Recovering from a heart attack, the 58-year-old had been unable to fly to England for the announcement and presentation by Eliot's widow, Valerie.

But before last night's ceremony in London, Adrian Mitchell, one of the short-listed poets, denounced the Arts Council - which had promised to host a luncheon for the winner - saying it "did not give a shit" for poetry.

The well-established poet, who had been tipped to win, told *The Independent*: "I wrote them a long proposition suggesting they pay wages for poets, and they said they got it, but they never replied."

"The Arts Council is meant to support the arts, and poetry is one of the greatest arts in Britain. The Arts Council has no concerns about supporting opera, but it has always had a policy of letting poets starve in garrets, or whatever they do."

Mitchell, 64, is one of Europe's best-selling poets, but he said he still did not make enough money to support himself and his wife, an actress, such was the nature of being a poet in the 1990s.

"I could possibly make a living these days from poetry readings if there was just me to support and I had no mortgage, because after many years doing readings for £5 or nothing I am getting paid properly - £100 to £500 a time," he explained.

"But very few actually live full-time on poetry. Great writers like Hugh MacDermid and Basil Bunting lived and died in poverty, which is a shameful thing. What it says about the Arts Council is that

it does not give a shit for the survival of poetry."

Mitchell subsidises his work by writing plays and adapting foreign dramas, and fits in his art as best he can. The most he has been paid for his poetry is £2,000, which came from the pop group The Bluetones. They worked a four-line poem of his into their song "Blue-tones" - which to Mr Mitchell's delight made it to number one.

It was not all bad, however. "What's good about being a poet now is that there are a lot more readings than there were in the Fifties. And with technology and computers and desktop publishing there's nothing to stop people publishing their own poems."

The Swansea-born poet Stephen Knight, 36, was also short-listed for his collection *Dream City Cinema*. Less-established than Mitchell, he is blunt, but not bitter, about the sacrifices.

He said: "I have an incredibly generous partner who subsidises me but it means I have no car, no mortgage and no children." He lives in a one-bedroom flat in Twickenham with his girlfriend, who is a teacher.

To make ends meet Knight works two days a week - along with out-of-work actors - selling theatre tickets by phone, and picks up money by script-reading, directing and doing school workshops. What he finds frustrating is that, despite the vaunted poetry boom, so few people read new poetry. "My friends are all graduates and they all read novels and go to the theatre but they wouldn't think of picking up a new book of poems," he said.

Susan Wicks, 49, whose first novel, *The Key*, is published next week, was also on the short list of the TS Eliot Prize, which is supported by Waterstone's book-sellers, for *The Clever Daughter*.

The mother of 15-year-old and 18-year-old girls, she said she has been lucky - her husband has helped to support her and she teaches creative writing part-time at the University of Keele.

"Writing poetry is not a financial question for me," she observed. "I'm only now starting to make money from it; I'm just about beginning to think of myself as a professional writer."

The other five short-listed poets were: Alice Oswald; Christopher Reid; Ciaran Carson; Maura Dooley and John Fuller.



Well-versed: The Australian Les Murray, winner of the TS Eliot prize

Photograph: Edward Webb

## Macho Aussie who mixes wit and rebellion

Boyd Tonkin  
Literary Editor

### INSIDE AYERS ROCK

By Les Murray

Many readers will remember the Monty Python crew of the 1970s raising laughs from the idea of a gang of raucous Aussie sheep-shearers who sang a learned little ditty about Kant, Spinoza and Wigenstein. Well, you might describe Les Murray as the Philosophers' Song come to witty, erudite, in-your-face life.

Murray, who last night won the £5,000 TS Eliot prize for the year's best volume of poetry, isn't afraid of picking up the heavy, macho "ocker" stereotype and converting it into a badge of honour. The prolific, crowd-pleasing Australian poet, born in 1938 on a sheep farm on the northern coast of New South Wales, entitled his most recent book *Subhuman Redneck Poems*. As a way of turning an insult around, that surely ranks alongside the radical rap group who called themselves Niggaz with Attitude.

Murray has Attitude in a distinctly Australian shade - touchy, argumentative, egalitarian - but his cascading verse buries the cultural cringe in a flood of generous and moving ideas and images. He is a Catholic who dedicates all his books "to the glory of God". He also combines great learning with democratic instincts.

As his British publisher, Michael Schmidt, explains, his is "a very anarchic Catholicism that translates into a hostility to all forms of coercion", whether by the state, by arts funding bodies or by liberal orthodoxy.

He is also, famously, a very big man in the physical as well as intellectual sense. The bard of the excluded, the forgotten, the humiliated, he can speak to everyone who recalls being a fat kid who was never picked for playground teams or a blushing adolescent who could never get a date. As his poem "Rock Music" asks: "The beautiful Nazis, why are they so cruel? Why, to castrate the aberrant, the original, the wounded who might change our species?"

His lifelong empathy with the original and the wounded extends to the balance of power at home. Schmidt stresses that Murray "is very into Aboriginal art and insists on the centrality of Aboriginal culture to the Australian experience".

"Inside Ayers Rock" presents the ancient sacred site of the continent's first inhabitants as a cave of tawdry gimmicks, colonised by the banal suburban naon Australia has become.

Reading Murray, you sense above all a cornucopian talent, a writer who turns his head and brain to any form and theme with an almost casual fertility.

England has not produced a bard-for-all-seasons of this kind since the days of Tennyson. Schmidt comments that Murray is "not really an ironist, although he's a great wit and savage satirist. That's what really sets him apart from modern British writing".

*Inside Ayers Rock is lit with paired fluorescent lights on steel pillars supporting the ceiling of base-blue marquee cloth high above the non-slip pavers. Curving around the cafeteria throughout vast inner space is a Milky Way of plastic chairs in four rows around tables all the way to the truck drivers' entrance.*

*Dusted cockabrah trees grow to the ceiling. TV talk in gassy colours, and round the walls are Outback shop fronts: the Beehive Bookshop for brochures, Casual Clobber, the bonked Country Kitchen and the sheet-iron Dreamtime Experience that is turned off at night.*

*A high bank of medal-ribbony killy jars provides over island counters like opened crates, one labelled White Mugs, and covered with them. A two-dimensional policeman discourages shoplifting of gifts and near the entrance, where you pay for fuel, there stands a tribal man in rib-paint and public tassel. It is all gentle and kind. In beyond the children's play-world there are fossils, like crumpled old drawings of creatures in rock.*

*art and insists on the centrality of Aboriginal culture to the Australian experience. "Inside Ayers Rock" presents the ancient sacred site of the continent's first inhabitants as a cave of tawdry gimmicks, colonised by the banal suburban naon Australia has become.*

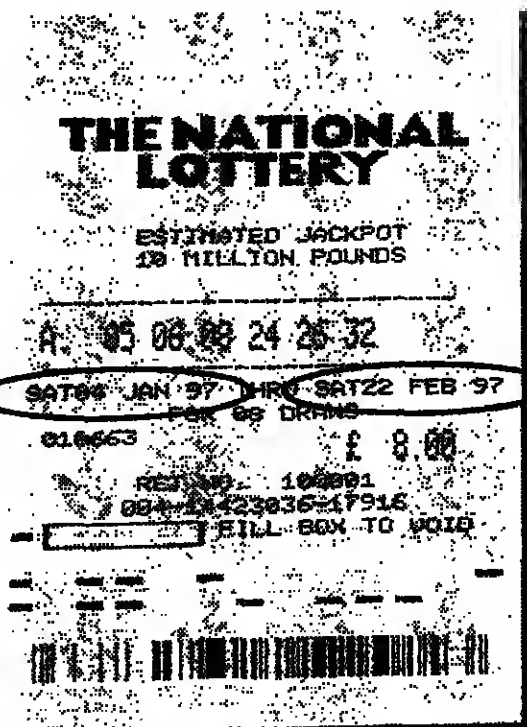
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## news



## Australian hero's welcome leaves yachtsman all at sea

Robert Milliken  
Fremantle

Tony Bullimore threw back his head and laughed when I asked him yesterday if it was true that Kevin Costner was going to make the film about his extraordinary shipwreck survival in the Southern Ocean. Without replying, he reached out and touched the brim of my hat and pushed it down to my nose. It was a gesture that said, "Don't be so cheeky." Then he was hustled into an ambulance and whisked away from the quay at Fremantle near Perth to be re-

wishers, a navy band playing "It's a Wonderful World", flags, speeches, government officials, and at least 100 journalists and camera crews, made it a great hero's return, and a scene for which Hollywood reportedly is already preparing the script.

Determined not to be hobbled by the trench foot which he picked up during four days trapped in the hull of his up-turned yacht, Mr Bullimore walked with a limp and a broad grin down the gangplank. It was the former Royal Marine's first landing since starting the Vendée Globe race off the French Atlantic coast in November. Wearing grey navy overalls and a blue cap, he said: "I have been given another chance. It's been absolutely astonishing. I am slightly emotional over this. All I can say is thank you to everyone on the Adelaide..." Then he turned, looked up to the ship's crew and threw open his arms. They clapped him.

What would you sooner do, have a beer in the pub or go for counselling?

At Fremantle Hospital, Mr Dubois required no treatment but Mr Bullimore will have daily treatment in the hospital's hyperbaric chamber, similar to the decompression treatment given to divers with the bends. Yesterday, Mr Bullimore also had an operation on a finger he trapped in a hatch in his yacht. When they stepped ashore, the survivors made a pointed contrast: the tall, handsome, phlegmatic 29-year-old Frenchman and the stocky, feisty, wise-cracking Englishman who, at 58, is at an age when most of his contemporaries are thinking of

less forbidding pastimes than solo round-the-world yachting. But they had one thing in common: the will to never say die. As Mr Bullimore put it yesterday: "I couldn't get any further down in my spirits, and I started to allocate the last few hours... At the same time, a little bit of the old professionalism hit me: keep going, don't give up. All of a sudden, I heard the sound of an aircraft circling overhead."

The cheque books were out yesterday with promotional offers that could make Mr Bullimore more than enough money to replace his wrecked £750,000



Land lovers: Tony Bullimore and Thierry Dubois reaching part for their heroes' welcome (above left). Photographs: AP

yacht, the *Exide Challenger*. Chocolate and bottled water, on which he survived, are just two of the products bidding for his endorsements.

The public side of Mr Bullimore's reunion with his wife at the British consul's residence in Perth was bought by an Australian television network, reportedly for £75,000.

As they were shown hugging last night, Mrs Bullimore said: "I never gave up hope because I knew the old bulldog would come home." Mr Bullimore said: "You are either a survivor or you aren't a survivor." He said he would continue solo

round-the-world sailing. "That's the way I am. It's the competitiveness, putting yourself up against other people. That's important to me." He scoffed at suggestions that he undertake trauma counselling: "What would you sooner do, go and have a nice beer in the pub or go and be counselled? It doesn't take much to work it out."

The couple will return to Britain as soon as doctors have given Mr Bullimore the all-clear. Meanwhile, Mr Bullimore is using his experience to make suggestions for improving safety for round-the-world yacht races.

Another competitor in the race has not been as lucky. The search has been called off for Gerry Rous, 43, a Canadian whose last known position was south of Easter Island and west of the tip of South America.

The rescuers of Mr Bullimore and Mr Dubois yesterday gave their first detailed accounts of last week's events. They emphasised the crucial role of sophisticated communications technology, such as the distress beacons from both men's yachts which sent satellite signals to the race organisers in Paris last Sunday, enabling the Australian authorities to pinpoint the yachts.

But the rescuers also praised the men's physical and mental strength, without which they would not have survived. Hank Scott, 25, the navy lieutenant who climbed down a wire from a helicopter to winch Mr Dubois to safety, said: "Mr Dubois and Mr Bullimore were perfect survivors. They didn't panic and they were mentally composed. Mr Bullimore was even better because he was making jokes and told his rescuers he loved them."

Ian McLachlan, the Australian defence minister, told the survivors: "You were lucky, gentlemen, that this country has the people and the equipment to mount such a rescue mission successfully..."

"But you... seem to have made separately all the right decisions. Your survival reminds us of the ability of certain men and women to transcend difficulties which would overwhelm the rest of us. These are the examples which lead us on."

NHS on trial: MPs rebel as heart patient's surgery put off four times

## Cancelled operations blamed for death

Fran Abrams  
and Liz Hunt

The death of an elderly woman whose life-saving heart surgery was cancelled four times because of specialist bed shortages has moved the winter crisis in the health service to the centre of the political stage.

As the family of Queenie Harrild, 69, blamed her death on inadequate NHS funding, opposition politicians called for an immediate Commons statement on the rise in emergency admissions to hospitals, exacerbated by cold weather and flu, which are adding to the pressure.

Chris Smith, Labour's spokesman on health, also published figures yesterday showing that almost one in four beds across all specialties had closed since the introduction of the internal NHS market.

The British Medical Association last week reiterated its warnings of a winter crisis, and is seeking an urgent meeting with Stephen Dorrell, the Secretary of State for Health, after a survey revealed widespread ward and hospital closures and cancelled operations.

A consultant who cared for Mrs Harrild at Guy's hospital, in south London, said heart surgery at the trust had been severely affected "for several months" because intensive care beds were permanently full. Dr Boh Knight said: "This was a disaster for Mrs Harrild and a terrible tragedy for her family, made worse by the feeling that if things had been dealt with in some other way she would still be here."

At a press conference at Westminster yesterday, Mrs Harrild's son David said that the family would campaign for better funding for the NHS. Her death was caused by the stress of being prepared four times for the operation and then let down, he said. "In our view her death is the result of the constant build-ups and let-downs due to

the fact that these operations had been cancelled," he added. "We feel it is cruelty to the patient to have to go through this torture. We are sure she should be alive now if she hadn't constantly been put back."

Mrs Harrild's husband, Bill, 68, a retired HGV driver, said the family were speaking publicly to prevent future tragedies and did not blame the hospital. "We don't want Queenie to have died in vain," he said. "Hopefully, this won't happen again."

Mrs Harrild, a former nursery school helper, who had already had one heart bypass, was admitted to her local hospital in Lewisham on 3 December and transferred to Guy's 10 days later. Operations were scheduled for 23 December, 24 December, 2 January and 3 January, but never went ahead.

Mrs Harrild was then told her operation would be on Monday 6 January. However, she died on 4 January.

Simon Hughes, the Liberal Democrat spokesman on health who organised the press conference for the family, said the number of beds available at Guy's and St Thomas' NHS Trust had fallen from 1,400 to 1,100 in two years. The number of operations purchased by Mrs Harrild's local health authority from the trust was to be cut by a further 5 per cent from April.

Dr Knight said Mrs Harrild's case had been exacerbated by a high number of admissions over Christmas. However, a new building with 13 new intensive care beds in it was lying empty, he added.

A trust spokeswoman said the building was not ready. The hospital had five more intensive care beds than it did four years ago, and a new cardiac centre had recently opened, at St Thomas'.

But she added: "We are now treating people who would have died a few years ago and they are much sicker and require intensive care for longer."

## Dorrell fails to halt rebellion

Fran Abrams  
Political Correspondent

Attempts by Stephen Dorrell, the Secretary of State for Health, to pacify two Tory rebels angry about the closure of hospital casualty units appeared to have failed last night.

Sir John Goss, MP for Hendon North, said after a meeting with Mr Dorrell that the Government could still not rely on his support. Sir John first made the threat last month and has abstained on three key votes since doing so.

He was accompanied to the Department of Health by Hugh Dykes, MP for Harrow East, who has been rumoured to be considering a similar protest.

Sir John said that although the hour-long meeting had ended with the minister agreeing to consider some of his suggestions for resolving the dispute, he could not disclose details of what had been said.

He said he was not expecting to meet Mr Dorrell again in the

immediate future, but that he expected to hear from him on the matter soon.

"The situation remains as it has been all along. My policy is not to tell anyone what I am going to do."

"It doesn't mean that I won't, on some issues, vote against the Government or, if it is in the interests of my constituents, vote with them. They just can't rely on my vote," he said.

Sir John abstained last month on votes about fisheries and harassment, and did so again yesterday on the Government's sentencing Bill.

The complete withdrawal of his support would put the Government in a minority in the House of Commons.

A spokesman for the Department of Health said that the MPs had talked to Mr Dorrell about matters relating to health in their constituencies.

"Mr Dorrell emphasised that he remains available for further meetings, as he is to all constituency MPs," he said.

## Brent to pr

Nicholas Schoon  
Environment Correspondent

Shell's Brent Spar oil platform could be sunk in the Atlantic, a decision which would be a major test of the company's commitment to environmental protection, a tribunal in London has ruled.

The tribunal, which is part of a new system for dealing with environmental disputes, ruled that Shell should not sink the platform in the Atlantic.

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## Widow wants baby to 'fulfil husband's wishes'

The husband of the widow fighting a legal battle to have his baby had said this was what he would have wanted, the Court of Appeal was told yesterday.

Lord Lester QC, representing Diane Blood, said the question the three appeal judges had to address was not whether the couple were right in having that joint wish but whether there was a legal justification for not respecting that desire.

Mrs Blood, 31, is challenging rulings by the Human Fertilisation and Embryology Authority which banned her from using her dead husband Stephen's frozen sperm, as she did not have his written permission. The HFEA also told Mrs Blood she could not take the sperm abroad for treat-

ment in a foreign clinic. A sperm sample was taken from Mr Blood while he was in a coma. "Had he been conscious there is no doubt he would have signed the consent form," said Lord Lester.

Mrs Blood claims the rulings were unreasonable, and that her rights under European law superseded British legal restrictions. She says that when the sperm sample was taken from her husband he was still alive.

Lord Lester said: "As he lay dying he could not sign a written consent because he was deeply unconscious." Lord Lester added: "Mrs Blood is clearly honouring the wishes of herself and Stephen because they had discussed the very situation which tragically later arose."

"The Human Embryology and Fertilisation Authority say she is trapped by the law. She cannot have treatment in the UK because of the business of the written form. One question is whether this court can free Mrs Blood from that trap."

Lord Lester said Mrs Blood could have had the treatment using her husband's sperm perfectly lawfully while he was alive, even if the medical team knew that he was dying.

He said the authority had barred Mrs Blood from taking her husband's sperm abroad for treatment, because if she could not obtain treatment here, it could not allow her to have it anywhere else.

The hearing was adjourned until today.

## Woman ruin

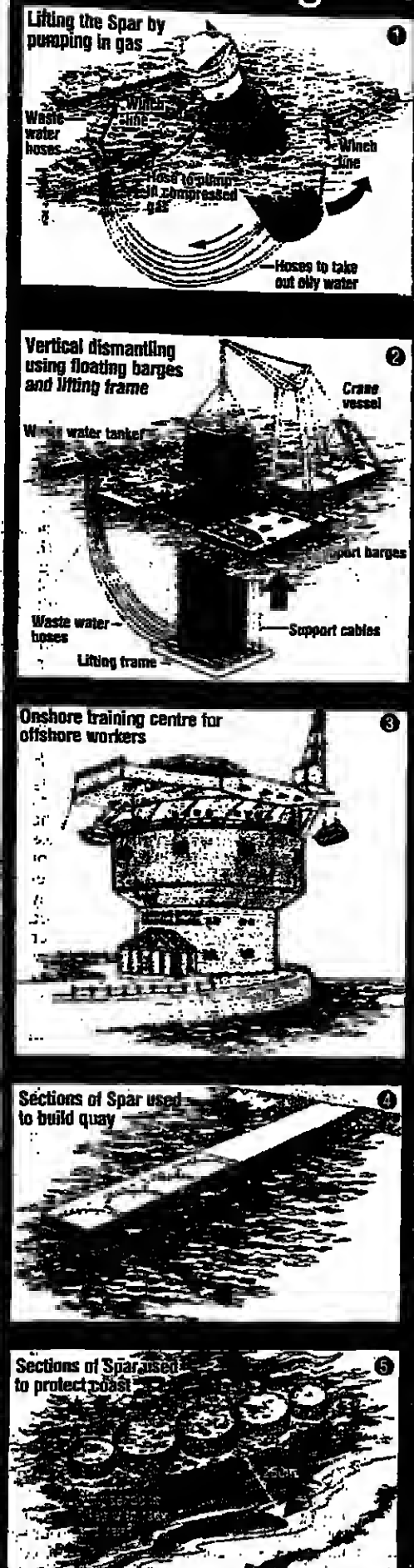
A police constable's career was ruined by a catalogue of "shocking" sexual harassments by a male colleague, a tribunal in London has ruled.

The 41-year-old male constable made life at a West Yorkshire station such a nightmare for the woman - groping her, straddling her and repeatedly making sexual comments - that she went on sick leave and has been told by her doctor that she will never work as a police officer again.

After the 25-year-old constable complained about the harassment in October 1994, the



## Shell floats greener future for the oil platform no one wants



The first and most difficult step is to raise the Brent Spar (main picture) out of its deep-water vertical position so that it can be brought ashore. This could be done by gradually pumping in compressed gas (1) which will in turn pump out the oil sea water inside into a nearby tanker. Slowly, like a huge bubble, the Spar would rise to float on its side - but the danger is that the structure would split and sink, because

it was weakened when it was first placed in the vertical position after construction 20 years ago. The alternative (2) is to place a platform beneath it, attached to a large barge on the surface. Powerful winches would then lift the structure a few metres at a time. The portion lifted above the sea would be sliced off using cutting gear, removed by a crane and taken to land by barge - then the Spar would be lifted

a few metres again for the next section to be cut away. Once ashore (3), the uppermost 'topside' of the Spar could be turned into an onshore training centre. Alternatively, the whole 14,500-tonne structure could simply become a meta-scraper, be sliced into giant rings which would support a pier (4), or form the foundation of artificial reefs (5) which would curb coastal erosion.

## Brent Spar may be recycled to protect UK coastline

Nicholas Schoon  
Environment Correspondent

Shell's Brent Spar oil platform could be turned into an artificial reef protecting vulnerable sections of the East Anglian coastline from erosion.

Another shortlisted scheme for the disposal of the 450t structure, announced yesterday, is to slice it into huge steel rings and use it to support a new pier at a Teesside dockyard. Ironically, this would be used to help scrap other North Sea oil and gas installations on land.

The oil company now has a shortlist of six engineering consortia with six different schemes for the disposal of the huge North Sea oil installation, following a selection process which has already lasted a year.

The Brent Spar, a huge floating oil tank, has been anchored in the deep waters of a Norwegian fjord since Shell abandoned plans to dump it in the Atlantic Ocean a year and a half ago.

Shell has invited the six consortia, all from the UK or mainland Europe, to draw up detailed plans and costings for a total of 11 schemes for disposing of the Spar. They include turning it into dock gates, a fish farm and an onshore training centre for offshore oil workers.

Three of the 11 involve bringing the 14,500-tonne Spar to shore and turning it into scrap. Once the consortia have fleshed out their schemes - and Shell is giving them a total of £1.5m to do so - the oil company will make its choice and seek Government approval for disposal around the end of 1997.

In 1995 Shell obtained government permission to dump the Spar in waters 7,000ft deep in the north-east Atlantic. But a dramatic "direct action" campaign by Greenpeace, coupled

with a mass boycott of Shell petrol stations by German and Dutch motorists and the disapproval of other European governments, forced a last-minute change of heart.

The environmentalists' argument was that deep-sea disposal set an appalling precedent and threatened serious damage to the ocean ecosystem. Shell argued, and the Government accepted, that the small quantities of oil, toxic metals and chemicals and radioactive salts inside the Spar posed no risk in the vastness of the ocean.

Yesterday, Heinz Rothermund, managing director of the Shell subsidiary which extracts British North Sea oil and gas, said disposal at sea still remained an option. It was the only option which had been studied in detail, costed and approved by ministers.

But the company was confident of finding a more popular

alternative. "We are very optimistic about what we are doing... some really exciting solutions have emerged."

Shell said it would make its final choice on the basis of technical feasibility, safety for the workers involved, overall damage to the environment and public acceptability - and that choice would compete with sea dumping on all these fronts.

It made no mention of cost, although this is bound to be a consideration. Dr Rothermund said any onshore disposal was bound to be more expensive than sinking at sea.

While Shell seems willing to spend the extra, the Government would not normally allow it to do so because oil companies can claim handsome tax relief on the costs. Shell has, however, already promised it would not seek the extra tax relief if it opted for onshore disposal.

## Woman tells tribunal sex pest ruined her police career

A police constable's career was ruined by a catalogue of "shocking" sexual harassments by a male colleague, a tribunal in Leeds was told yesterday.

The 41-year-old male constable made life at a West Yorkshire station such a nightmare for the woman - groping her breasts, straddling her and repeatedly making sexual comments - that she went on sick leave with clinical depression and has been told by her doctor that she will never work as a police officer again.

After the 25-year-old constable complained about the harassment in October 1994, the

male officer was suspended and a criminal investigation launched. The woman is still off sick and undergoing counselling, more than two years after the alleged offences.

She told the tribunal that the officer often touched her, made suggestive comments and generally made her feel "very, very uncomfortable".

On one occasion, he made comments as she was eating a sausage for her breakfast. On another occasion the officer straddled her as she sat in the snooker room and put his face towards her as if he was going to kiss her. She put her hand in

front of her face and he moved away. The woman, who worked in West Yorkshire's Calderdale division, did not report the incident at the time. "I didn't think anyone would believe me. I thought they'd just tell me not to be so stupid and just get on with it," she said. Matters came to a head when her attacker came up behind her a few weeks later.

She said: "His left hand went over my left shoulder and down in between my police shirt and my jumper and came to rest on the top of my right breast. He said to me 'I was going to bite out then, I was going to grab

you'. I said to him, 'Get off me.'"

The next morning the woman confided in a colleague and then reported the incidents to a senior officer. She said: "I think he was very shocked. He said to me: 'We're going to have to do something about it, it's getting out of hand.'"

"I asked him what he meant by that comment and he told me that I wasn't the first officer to come and report an incident to him and that he would have to take advice from a senior officer." The hearing was adjourned until today.

## Taxman on trial tells of gunmen and prostitution

Clandestine work took collector beyond normal rules

Graham Bell

A senior tax official accused of bribery and corruption explained yesterday how he confronted gunmen armed with Kalashnikov rifles in his quest to reclaim unpaid tax for the Inland Revenue.

Michael Alcock was giving evidence on the opening day of the defence in his trial at the Old Bailey. He told jurors how his secret team of tax investigators operated in a clandestine way to reclaim large sums from rich foreign businessmen who owed substantial back-taxes to the Crown.

On one occasion Mr Alcock went with a superior to Spain to collect tax from a Middle Eastern millionaire.

"There were a lot of Lebanese gunmen present and I was told how one had previously assassinated a former prime minister in Paris," said Mr Alcock. "The man I was negotiating with always had a pistol at his side and he had a number of armed bodyguards in the house the whole time."

Earlier Mr Anthony Arlidge QC, outlining the case for the defence, painted the picture of a talented but flawed individual who had become one of the Inland Revenue's highest fliers.

"Michael Alcock was one of the most effective, if not the most effective, tax gatherer in the special office," said Mr Arlidge.

Mr Alcock would go where no one had ventured before and his group often topped a league table of results within the department, the QC told the court.

But Mr Arlidge went on to describe how the pressure of work combined with his wife's diagnosis of cancer led him to seek solace in the arms of a prostitute. However, the QC stressed that the court was not to judge his morals, only whether or not he was guilty of corruption.

"You may think that he behaved like a four-letter man towards his wife, no doubt, but we



Michael Alcock: Denies any form of bribery

are not a court of morals, let alone one of sexual politics. We are to consider not that he behaved badly, but was he corrupt," Mr Arlidge said.

Mr Alcock's affair with the former model and call girl Michelle Corrigan began in 1988 and it was shortly after this that he and his wife took two holidays paid for by a businessman from the Middle East.

But Mr Alcock denies that this constituted any form of bribery as the businessman had no tax liability at the time of the holidays and only funded the trips out of generosity and in order to aid Mrs Alcock's recuperation.

Having left school at 16, with just five O Levels, Mr Alcock's rise to the senior position of group leader within the Inland Revenue had been spectacular.

He joined the Colchester District Tax Office in 1966. Trained and qualified as a tax inspector, he was spotted as a recruit for the elite special-office team based in London in 1983.

"Special office was an investigative office set up to investi-

gate avoidance and evasion of tax not appropriate to any other office," said Mr Alcock.

"I was told that we were the bottom line. When I started, I was given an empty desk and a telephone and told to get on with it. We were told to set our own agenda, we were the cutting edge and our rules and procedures were outside normal rules and procedures," Mr Alcock said.

Special-office investigators were encouraged to go and cultivate their own sources of intelligence and information. Soon after starting at the special office, Michael Alcock used a social acquaintance of his wife, who worked as a stock market trader to arrange an informal visit to the Stock Exchange.

Mr Alcock's easy outgoing personality helped him form a number of personal relationships with Stock Exchange officials that led to an unprecedented and mutually beneficial co-operation between the Revenue and market regulators. These contacts set Alcock and his team on a series of trails that were eventually to net the Inland Revenue many millions of pounds in unpaid taxes.

One of the charges laid against the taxman relates to his receiving or accepting £155,000 in cash in bribes from foreign businessmen.

For the defence, Mr Arlidge argued that Mr Alcock would give evidence to explain how he came by the money. Mr Arlidge told the jury how a childless elderly couple gave substantial sums of money to Mr Alcock and his wife Sally. "They came to regard Sally as the daughter they never had," said Mr Arlidge.

Michael Alcock, 47, from Colchester, Essex, pleads not guilty to 11 charges of bribery and corruption between 1987 and 1992. Hishan Abwan, 56, a consultant oil dealer from west London, denies three charges of attempting to bribe the Inland Revenue official.

The trial continues.

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## international

## Arafat set to gain from Bibi's stalling

PLO and Israel agree on middle of next year as date for military pull-out

Patrick Cockburn  
Jerusalem

A compromise between Israel and the PLO, living on mid-1998 as the date for the completion of Israel's military withdrawal from much of the West Bank, may soon end the political stalemate which began when a right-wing government won the Israeli election last May.

King Hussein of Jordan, supported by the United States and Egypt, won acceptance for the new date for the three-stage withdrawal from Yasser Arafat, the Palestinian leader, and Benjamin Netanyahu, Israel's Prime Minister, late on Sunday night.

Negotiators were yesterday working out the details in a Jerusalem hotel. "If there are no surprises we should be able to finish today," said Hassan Asfur, a Palestinian negotiator.

In persuading Mr Arafat to accept a delay in the Israeli withdrawal, King Hussein reportedly told him: "If you're too firm, Bibi [Netanyahu] will win and there won't be a Hebron withdrawal."

He added: "Even if you don't trust him, it is better to commit Netanyahu to a particular date for further redeployment. And if Netanyahu doesn't fulfill his commitment, you will be able to raise an international hue and cry."

The US is to offer a guarantee for the date of Israel's departure, the first stage of which will be on 28 February and the second, eight months later. The final and biggest redeployment, from all Palestinian villages, is to take place no later than 31 August 1998, a year later than Mr Arafat agreed with the previous Israeli government. The agreement opens the way for Israel's immediate departure

from 80 per cent of Hebron, the city of 120,000 people which is the capital of the southern West Bank. This was effectively partitioned under the 1995 agreement to protect 400 Jewish settlers in the city. For all Mr Netanyahu's claims to have improved the settlers' security, the new agreement differs little from the old.

Negotiations over Hebron became a prolonged trial of strength between Mr Arafat and Mr Netanyahu, which the Palestinian leader appears to have won. Six months ago he was ignored by the Prime Minister but today he is close to forcing him to sign a version of the Oslo accords, which Mr Netanyahu once denounced as a renunciation of Israel's historic right to the West Bank.

"This is of immense significance for the right-wing Israeli public," says Joseph Alpher, director of the Israel/Middle East Office of the American Jewish Committee in Jerusalem and a leading Israeli expert on the West Bank.

Mr Alpher warns there may be a time bomb contained in the agreement, as it does not spell out the extent of the territory from which Israel is to withdraw. Mr Arafat expects to get 90 per cent of the West Bank in 1998; he may only be offered 50 per cent. If Mr Netanyahu presses ahead with plans to expand the number of Israeli settlers, a confrontation will be postponed rather than averted.

Will the agreement touch off a revolt on the Israeli right? Seven out of 18 ministers are said to oppose the Hebron agreement. But they will be nervous of pushing Mr Netanyahu towards a national unity government with Labour. The settlers also have no political



Face to faith: Mr Arafat introducing King Hussein of Jordan to an ultra-Orthodox rabbi near the Palestinian leader's office in Gaza

Photograph: Reuters

alternative to Mr Netanyahu. But, as they showed when Baruch Goldstein massacred 29 people in Hebron in 1994, they turn to violence when politically isolated.

The history of the Hebron talks shows Mr Netanyahu overplayed his hand. He believed Labour had created exaggerated expectations among Palestinians and tried to lower them

by provocations, culminating in the opening of a tunnel in Jerusalem existing in the Muslim quarter. Palestinian response was bloody. Fifteen Israelis and 60 Palestinians

were killed. Mr Netanyahu was clearly caught by surprise. He began to court Mr Arafat whom he had previously spurned.

The September violence convinced the Arab world the new

Israeli leader was hardline and unpredictable. They shifted closer to Mr Arafat. Western Europe actively supported the Palestinian leader. After the Washington summit in October,

the US began to act as a mediator, limiting Mr Netanyahu's ability to act unilaterally. In retrospect, he may regret he did not opt for an early pull out from Hebron.

## Paris and Bonn hail Major, their flexible friend

Sarah Helm  
Brussels

John Major's latest ideas for a "flexible" Europe, allowing countries to pool powers at different speeds, are being cautiously welcomed in Paris and Bonn, as the possible key to a new treaty deal.

Senior French and German officials say that they now see signs of a compromise from Mr Major, which could allow them to pursue their next round of integration plans without Britain and without an automatic British veto.

A deal on flexibility now appeared to be "95 per cent there", a source in Bonn said. In

Paris, officials expressed relief that, at last, Britain was talking, which was "encouraging".

France and Germany proposed in November that decisions on whether groups within the EU can share powers without the rest should be taken by qualified majority vote among member states. Until now Mr Major has insisted that Britain must be able to veto any attempt by other nations to develop common policies without Britain, to ensure that it is not permanently isolated.

Comments made by Mr Major in recent days, and outline proposals presented to the Dutch presidency, have given Britain's partners reason to

## Barriers to the new multi-speed Europe

Any new EU rules on flexibility must take account of the following points:

- 1) What areas of EU policy can the fast-track pursue? Would areas with obvious cross-border implications, such as the single market, transport and environment be excluded?
- 2) Who should pay for policies pursued under this arrangement? Will those left in the slow lane be liable for any costs?
- 3) Will those left out be able to join

later if they change their minds? 4) Will those left out have any say over policies taken by the fast-trackers? For example, if an inner core decide to set up their common police force, would those outside have any influence over that force? 5) Should there be a general clause in the treaty setting out procedures for pursuing flexibility? Or should decisions to go "multi-speed" be taken on a case by case basis? 6) How will Europe's institutions re-

spond to this multi-speed decision making. How can the European Court's jurisdiction be varied to take account of different "core groups"? 7) Should it be for the commission to propose policies be shared by a particular group of countries? Or should it be for member states to make the suggestion? 8) Europe is trying to get closer to the citizen. But in a multi-speed Europe, how will the citizen understand what on earth is going on?

signalled that he is particularly open to his partners sharing greater policy-making in areas of immigration and criminal justice. His comments were enough yesterday to breathe new life into negotiations in Amsterdam on EU treaty reform.

While several of Britain's partners are rejoicing at any sign of British goodwill, in other quarters Mr Major's sudden display of enthusiasm for allowing Europe to pool powers at different speeds is being viewed with scepticism. Pro-European

crises in Britain describe the initiative as a risky ploy to buy off Tory Euro-sceptics in the run-up to the election.

Labour, which is likely to be in power when the next treaty is signed later this year, is determined to maintain Britain's veto over the rights of other countries to pool sovereignty in core groups. Such moves could leave Britain isolated without influence at Europe's "top table" Labour says.

Within the European Commission the prospect of building a flexible multi-speed Europe is sparking an increasingly fierce debate. Although flexibility could allow countries to continue to make progress towards greater integration, it could also bring about greater fragmentation of the union.

Flexibility would simply be unworkable in many EU policy areas, such as transport and the environment. The commission is also afraid that the single market could be jeopardised, and countries might start asking for exemption from unpopular state-aid or competition policies.

The EU has already become increasingly "flexible", as different member states - particularly Britain - have recoiled from certain policy proposals. "Flexibility may be a tempting idea for Mr Major because it appears to let Britain off the hook but EU purists don't like it at all," a senior commission official said.

In the new treaty negotiations, however, several states see flexibility as the key to progress.

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## Army mobilises as South Korea prepares for largest ever strike

Richard Lloyd Parry  
Seoul

The government of President Kim Young Sam yesterday showed signs of stepping back in a three-week-old labour dispute, but soldiers were being mobilised to run public services as South Korean workers prepared themselves for the first day of their biggest ever national strike.

Ceremonies marking the beginning of the strike were held at midnight last night in 900 firms nationwide. From 4am today, members of the official trade unionists and police outside Myeongdong Roman Catholic cathedral in Seoul, where seven strike leaders are seeking sanctuary against arrest warrants. A few dozen banking

Confederation of Trade Unions, and union leaders anticipate a turn-out of one million workers in hospitals, hotels, shipyards, television companies, public transport, taxis, telecommunications and banks. It will be the first time since 1987 that both blue- and white-collar workers have united, when widespread civil unrest forced the then military dictatorship in call democratic elections.

Two and a half thousand soldiers were being prepared to run trains and telecom offices yesterday, and there were further confrontations between trade unionists and police outside Myeongdong Roman Catholic cathedral in Seoul, where seven strike leaders are seeking sanctuary against arrest warrants. A few dozen banking

and shipyard workers shouted anti-government slogans at riot police blocking their route to the cathedral. But the demonstration lacked the ferocity of previous encounters, and the strikers eventually dispersed of their own accord.

Twenty-thousand workers in the Hyundai motor plant rallied in the city of Ulsan. Speaking in Seoul, the strike leader, Kwon Young-gil said: "President Kim must decide what is more important: saving his face or the national economy."

A senior figure in the New Korea Party (NKP), Lee Hong-koo, made a highly symbolic visit to the cathedral yesterday morning, and met the Cardinal of Seoul, Stephen Kim, in an apparent attempt to soften the uncompromising image which the

government has so far projected during the dispute.

The argument is about two legislative revisions - to a labour act and to a national security law, which were railroaded through the National Assembly in a secret session of NKP representatives on Boxing Day. The former gives new freedom to companies to lay off workers; the latter expands the powers of the Agency for National Security Planning, the former Korean CIA.

The unions are refusing to talk to the government until the bills are scrapped, along with the warrants for the arrest of their leaders. The visit of Mr Lee, the chairman of the NKP and in the running to succeed President Kim in elections in December, may represent a first attempt by

the government to find an elegant way of stepping down.

Much now depends on the effectiveness of this week's general strike. Much of the action taken so far appears to be more symbolic than damaging, and while the unions put the numbers of strikers yesterday at 195,000, the government estimate was 65,000. A large turn-out today and tomorrow will put renewed pressure on President Kim, but also risks alienating the public which so far appears moderately sympathetic to the strikers.

Significantly, the Seoul stock exchange has been virtually unaffected by the disturbances, and the share price of the beleaguered Hyundai Motor Corporation actually rose by 1.79 per cent yesterday.

## Dalai Lama could make Taiwan trip

Teresa Poole  
Peking

The Dalai Lama plans to visit Taiwan in a move which is certain to infuriate Peking.

Chin Hsin, head of the island nation's Chinese Buddhist Association, said yesterday: "We will arrange one or two speeches and he will visit some temples. He will have absolutely no official contacts or activities."

Mr Chin said the visit could take place as soon as March. Any such trip would be seen by Peking as a double affront to the integrity of Chinese sovereignty. China's government considers the exiled Tibetan leader

to be a "splittist" while also habitually accusing Taiwan of seeking *de facto* independence through its diplomatic links.

However, any visit will also have to be handled carefully by Taipei which, like Peking, considers Tibet to be an inalienable part of China. The Dalai Lama will only be welcomed as a religious and not a political figure.

Peking will grimace at another meeting today when Taiwan's vice-president, Lien Chan, visits the Vatican and sees the Pope. China has already criticised this meeting, saying that it would be part of Taiwan's attempts to "create two Chinas". With 1997 seeing the return

of Hong Kong to the mainland, China's leaders are becoming increasingly aggressive in trying to undermine Taiwan's minimal diplomatic identity. On Friday, China vetoed a United Nations resolution to send peace-keepers to Guatemala, one of several Central American countries with diplomatic relations with Taipei rather than Peking.

The resolution would have allowed 155 observers to go to Guatemala to monitor the peace deal which it is hoped has ended the 36 year civil war.

Last week was the first time in 24 years that China has used its UN veto, and a signal that it is now prepared to be more

reluctant in seeking to undermine Taiwan. Guatemala has supported Taiwan's mostly symbolic attempts to regain a UN seat. A strident editorial yesterday in the official *China Daily* said: "Guatemala has to reap what it has sown."

About 30 countries, mostly in Central America and Africa, recognise Taiwan rather than China, but Taipei received a severe blow in November when South Africa said it would switch allegiance to the mainland. That move leaves the Vatican as the most significant diplomatic ally, one which Taipei is doing everything it can to preserve.



Dalai Lama: Welcomed as religious, not political figure

## Russia

Phil Reeves  
Moscow

Revelations that the Russian government is planning to reveal the contents of the secret diary of the late Soviet leader, Leonid Brezhnev, have caused a stir in the Kremlin.

The diary, which was written by Brezhnev's personal secretary, Yuri Andropov, is said to contain a wealth of information about the inner workings of the Soviet government during the Brezhnev era. It is expected to be published in the near future.

## Why get shocked

Younger staffs of Copenhagen are grinning under revelations that the Danish government is planning to reveal the contents of the secret diary of the late Danish leader, Poul Hartog.

The diary, which was written by Hartog's personal secretary, is said to contain a wealth of information about the inner workings of the Danish government during the Hartog era. It is expected to be published in the near future.

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# Clinton pleads for delay in sex case

Rupert Cornwell  
Washington

In a precedent-setting case, lawyers for the former Arkansas state employee Paula Corbin Jones yesterday urged the US Supreme Court to compel President Bill Clinton to answer while in office the sexual-harassment lawsuit she has brought against him.

In oral arguments, Gilbert Davis, lead attorney for Ms Jones, urged that the case go forward forthwith, as ordered last year in a federal appeals court judgment Mr Clinton is now appealing. "Justice delayed is justice denied," Mr Davis said, noting that as a sitting president, Mr Clinton had already testified at length in two separate Whitewater trials, dealing with events before he entered the White House.

But in pleading for a postponement, Robert Bennett, representing the President, stressed the overriding importance of not disrupting the executive governance of the country. "Here you have a sitting President. We are saying 'We'll give Ms Jones her day in court. Only let's not do it now'."

Mr Bennett seemed on shakier ground when he cited a 1982 court ruling for Richard Nixon, in effect granting a president immunity from civil suits arising from his conduct in office. The comparison seemed irrelevant, Chief Justice William Rehnquist and various colleagues complained, noting that the alleged incident dated back to 1991, and had nothing to do with Mr Clinton's duties as Governor of Arkansas.

Justice Sandra Day O'Connor wondered whether the temporary immunity sought by Mr Bennett would apply if a case involving the President concerned a domestic issue such as child custody. Antonin Scalia,

the leader of the court's conservative faction, was sceptical about Mr Clinton's contention that the case would be a time-consuming distraction. It might mean the President had to give up some golf games, he noted.

Ms Jones's lawyers said the case was relatively uncomplicated, a matter of one person's word against another's. "This will not take very long," Mr Davis told reporters after the hour of oral arguments. "A president is the same as you or me in his personal capacity... his office has privileges and immunities, but he cannot claim a personal privilege."

That is the issue the justices must rule on, before July. However, another lawyer for Ms Jones again left open the possibility of an out-of-court settlement, perhaps similar to the one the two sides almost achieved in 1994, just before Ms Jones filed her \$700,000 (£417,000) suit that Mr Clinton had made sexual advances to her in a Little Rock hotel.

Many court-watchers suspect they will "split the difference", deferring the trial until Mr Clinton has left office, but allowing gathering of evidence, or "discovery", to go ahead.

Ms Jones's representatives again denied she is a gold-digger, or the creature of right-wing anti-Clinton groups. She wanted simply to restore her good name. "Money is not a factor in this case," Mr Davis said.

And that seemed the prevailing view of demonstrators outside the Supreme Court building. Many bore placards with slogans like "President or King?" and "Stop Ducking Your responsibility, Mr President." A president "has the right to protection in the course of his duties," said one protester. Washington office worker Kristi Hamrick, "but sexual harassment is not one of those duties."



Out on the streets: A gas-masked student protesting with thousands of others in Sofia yesterday. Photograph: Reuters

## Bulgaria workers gain ground

Adrian Bridge  
Central Europe Correspondent

Protesters calling for fresh elections in Bulgaria yesterday succeeded in winning the workers over to their side, thereby piling yet more pressure on the country's ruling Socialist Party.

Hundreds of dockers and oil refinery workers in the Black Sea ports of Varna and Burgas downed tools in what was expected to be the first of a wave of strikes. Thousands of miners are expected to follow suit today with tens of thousands of

workers nationwide joining in tomorrow.

With the demonstrations in Bulgaria only entering their second week, the enlisting of trade-union support marked a significant triumph for the opposition.

The Bulgarian economy - with annual inflation running at more than 300 per cent and average monthly salaries down to the equivalent of £12 - is in a perilous state and a full-blooded general strike would be disastrous.

The Socialist Party last night

appeared keen to compromise.

After a crisis meeting of the party leadership, a statement said that the party would be prepared to discuss an early general election with the opposition and that it had drafted a programme aimed at bringing the country out of its political and economic crises.

The offer echoed Sunday's proposition made by Socialist Party leader Georgi Parvanov that elections, which are not due for almost two years, could be brought forward to this year in return for opposition support

for another Socialist-led government in the medium term.

In addition to calling for strike action, opposition leaders are also planning to stage daily street demonstrations, modelled along the lines of those in Serbia.

Tens of thousands of people were again on the streets of Sofia yesterday, though unlike the protests on Friday, when more than 100 were injured in clashes with riot police, the demonstration passed off peacefully.

## significant shorts

### Gunfire heard from Peru siege building

Machine-gun and automatic-weapon fire was heard from the besieged Japanese ambassador's residence seconds after an International Red Cross mediator had walked from the building. Police commandos who are surrounding the building went on to immediate alert and the mediator, Michel Minig, returned to the residence to check on the shots. There was no immediate news on why the guerrillas of the Tupac Amaru Liberation Front had opened fire or on what but most analysts said that the bursts of gunfire were probably a message of defiance after Mr Minig delivered the government's latest message.

Phil Davison - Lima

### Backing for Milosevic falters

Officially it was a celebration of the Serbian New Year's Eve but in reality a gathering in Belgrade last night was another show of solidarity against the Serbian regime. There is still no sign that the President, Slobodan Milosevic, is ready to step down but yesterday Dobrica Cosic, who was once a famed nationalist and a Milosevic confidant, distanced himself, attacking the continued failure of the government to recognise opposition victories in municipal elections on 17 November.

Steve Crawshaw - Belgrade

### Spaniard set for top EU role

The Spanish conservative Jose Maria Gil Rohles looked certain to be elected speaker of the European Parliament following a pact between its two biggest groups. Mr Gil Rohles's European Popular Party and the European Socialist Party of the current speaker, Klaus Haensch of Germany, have agreed to alternate in the job every two and a half years.

Reuter - Strasbourg

### Sudanese accuse Ethiopia of border shelling

Sudan said Ethiopia had attacked two border towns, and the Sudanese President, Omar Hassan el Bashir, had called for a general mobilisation. The general command of the Sudanese armed forces said units in Kurnuk and Qeissan, 360 miles from the capital, Khartoum, came under intensive shelling from inside Ethiopia. Cairo - Reuter

### SA may sell arms to Syria

South Africa is considering selling tank firing control systems to Syria, and is studying whether it would violate Washington's Counterterrorism Act, which requires the US to sanction countries which provide lethal military equipment to state sponsors of terrorism.

AP - Johannesburg

### Police to poison the atmosphere

Police in a town in Java plan to use cobras to break up demonstrations and compel suspects to confess. "The cobras will be used to intimidate suspects... and to disperse mass riots," Alex Bambang Riadmojo, of the Bekasi police, was quoted as saying. AP - Jakarta

### Hermit state gets Web habit

North Korea, one of the most reclusive nations, will open its first site on the World Wide Web this week, its Japanese distributors said.

Reuter - Tokyo

### Briton's killer sent to prison

Steffen Hartmann, 19, was jailed for three years for killing a British worker, Lee Hawthorn, by running him over in a stolen car and dragging his body six miles.

Reuter - Schwerin

## Russia urges Belarus union

Phil Reeves  
Moscow

Russia's increasingly bad-tempered relationship with the West soured further yesterday when Boris Yeltsin revealed his latest ploy to foil NATO expansion - a proposal to forge ahead with a union with the wayward former Soviet republic of Belarus.

Sergei Yastrzhembsky, spokesman for the pneumonia-stricken President, revealed yesterday that Mr Yeltsin had

written to Belarus's leader, Alexander Lukashenko, saying both countries should now consider holding referenda over "one form or another" of unification.

Although details were lacking, Mr Yeltsin appears to be contemplating a close marriage with his Slavic neighbour; his letter mentioned establishing a shared budget, common currency and taxation laws and integrated energy systems by the end of the year, Mr Yastrzhembsky said.

It was clear the letter was intended to be seen as part of Russia's counter-offensive against NATO's proposals to expand into Eastern Europe, initially into Poland, the Czech Republic and Hungary.

But the manoeuvre is yet another example of Russia's more hostile policy towards the West, and will stoke up the ill feeling that has recently surfaced on several other fronts - notably, over Moscow's willingness to sell arms to Cyprus, squabbles over spying, and Russian threats

to impose economic sanctions against Estonia.

Russia's wooing of Belarus is certain to grate with Western leaders, who only two months ago watched on disapprovingly as Mr Lukashenko helped himself to dictatorial powers after forcing through a new constitution.

Yesterday, the Council of Europe which specialises in human rights, suspended Belarus's "special guest" status, saying the constitution failed to meet democratic standards.

## Why republicanism would get short shrift in Denmark

The souvenir stalls of Copenhagen are groaning under royal memorabilia. Almost every day a new book appears, promising another revelation, but delivering little more than insights into the sovereign's passion for embroidery.

Still, the commemorative issues and kitsch marking the silver jubilee of Queen Margrethe II are selling well. Not all Danes will be celebrating this week's anniversary with frenzied passion, but most will be quietly rejoicing that, after 25 years on the throne, she is still going strong.

Of referendums to end the monarchy there is not a whisper. Margrethe and the institution she embodies is popular, to the extent that, if Denmark

Britain's royal family might well envy Queen Margrethe, writes Imre Karacs

were to become by some act of God a republic overnight, "she would be elected its president," according to a royal watcher.

Margrethe's relationship with her subjects and the press might well be envied by her second cousin in England. Instead of pursuing her relentlessly, Danish tabloids meekly follow her weekly agenda, and are first to leap to her defence when her honour has been slighted.

This happened last week, when a Swedish paper denounced her because of her smoking. The Swedish ruler, the journalist noted, smoked out of the range of the cameras, whereas Margrethe puffed away publicly even while visiting a care centre for asthmatics, ash-tray-bearing servants in tow.

"Let the Queen smoke in peace," thundered a Danish tabloid. "Mind your own business, Sweden," screamed Copenhagen's equivalent of the Sun. The Swedish press had to apologise, hiring an electronic billboard in Copenhagen to flash the message: "Our readers beg the Queen's pardon". Today Margrethe hosts a thanksgiving service for her closet-smoking relatives in Scandinavia, and tomorrow she will ride through Copenhagen in a carriage procession, and attend a command performance of the Danish Royal Ballet in



Queen Margrethe: Goes out to do the shopping herself

the evening. That will be the end of the pageantry - a small celebration for a no-frills household that prides itself on its low cost to the taxpayer and even lower profile.

The royal family consists of six people - the Queen Mother, the Queen and her Consort, two princes and one princely wife. They all go about their business without fuss, on foot rather than bicycles, and conduct themselves admirably. The abiding image is of the Queen returning to the Amalienborg Palace from a day's shopping, laden with carrier bags.

Margrethe meets her ministers every week, and while she does not intervene directly in political matters, she can be out-

spoken on moral issues. In her New Year messages she often scolds Danes for their shortcomings, urging them repeatedly to open their society to foreigners. She is married to one herself, a French aristocrat named Henri de Monpezat, and her daughter-in-law hails from Hong Kong.

Unlike some of her relatives abroad, the Queen combines moral authority with intellectual prowess. She speaks English, French, German and Swedish fluently, has studied archaeology, philosophy and law at Cambridge, the LSE, the Sorbonne and Danish universities. Her CV also credits her with the translation of a book by Simone de Beauvoir, illustrations for the Danish edition of *Lord of the Rings*, and abstract paintings that have been exhibited and favourably reviewed.

There are, naturally, some flaws in her character but she makes no attempt to hide them. She is headstrong, has a sharp tongue, keeps her family on a tight rein, and admits that, in the 57th year of her life, she is showing no sign of mellowing with age. With no major scandals lurking, the Danish press can only fawn. "I wish I could tell you about some bad things, but there just aren't any," said Bo Draeling, court correspondent of Copenhagen's leading broadsheet, *Berlingske Tidende*. "Our royal family know how to behave. In a small country, we would know if they didn't."



## Meet Megan.

## Megan's reading a booklet that carefully explains the whole process of buying a house.

Megan's buying a house - well actually in her case it's a ground floor flat. Like most people, she was finding the whole process quite overwhelming, but last week she phoned for a free Midland guide and is now feeling pretty confident. It contains details on everything from making an offer to getting the right mortgage. So if you're thinking of buying a house why not call us and ask for one of our guides (there's one especially for first-time buyers). In due course we'll also send you information about our latest mortgage packages which, like our guides, are designed to make buying a house as easy as possible.

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## Good Sex at any age!

This new report by Dr. Robert Wilcox explains how you can enjoy sex well into your 90s. It examines the common reasons sexual activity declines and what you can do about it with food supplements, diet and exercise, and (in rare cases) prescription drugs. Just getting healthy (and clearing your body of tranquillizers and blood pressure medications) is often enough. FREE copies of this report are available from Carroll Ltd, Dept GSA1, Aylesford, Colchester, Essex CO7 8AP.





obituaries / gazette

# Kenneth Coyte

Kenneth Coyte was a leading figure in television news, but because his work was done behind the scenes, he was little known to the general public. For the past 16 years he was the Chief Executive of Worldwide Television News, one of the two great international agencies which dominate the provision of news in pictures to television stations throughout the world. The other contender in this highly competitive process is Reuters' Television - formerly Visnews. The scale of these operations is huge.

WTN sends out 24 hours a day, a stream of news pictures which are used by more than a thousand national and local broadcasters, local stations and cable operators. Ted Turner's satellite station, CNN, draws much of its news from WTN.

Coyte was born in Leeds in 1932, the son of a chartered accountant. He was educated at Blundell's School in Devon, and did National Service in the Royal Engineers. He then read Law at Sidney Sussex College, Cambridge, where he edited the university newspaper, *Varsity*.

After graduating he took, in 1954, the bold step of freelancing in New York, where he became a contributor to *Newsweek* and to the *Saturday Review*. This contact with the America of the mid-1950s was to forge two links of great significance for his future. He met, and married, Patsy Mache. It was a marriage of enduring happiness which lasted until her death a year ago. And in New York Coyte came into contact with television news, then in its infancy. He secured a foothold in this new medium as a reporter for UPMT, the first agency set up to provide news in pictures to television stations. UPMT was a joint venture by 20th Century Fox, and United Press, the American wire service which supplied written news to newspapers and radio stations.

Coyte rose quickly to become UPMT's International Manager, based in Paris. Early in the 1960s he made his only break from television news, when he moved to London as Regional Manager for the United Press written news service.

In 1968 Kenneth Coyte was drawn back into television. UPMT had found its position in the international news market gravely weakened by the rise of a competitor, Visnews, founded mainly by the BBC, and within the lucrative United States market, by the news services of the three main networks, NBC, CBS, and ABC.

It found an ally in ITN, who joined it to form a new company, UPMT. Coyte became its vice-president in charge of its operations outside North America. It was a formidable task. He had not only to organise the coverage of the news, but also to sell the service, and to organise its distribution at a time when the shipping of film by air freight was giving way to transmission by satellite.

For the next decade he had to do this against a background of constant strain and upheaval within UPMT. Many of the ITN programme companies who owned ITN disliked this risky venture, and begrudged it the capital necessary for its development. Attempts to secure

capital from other sources brought short-term respite at the price of even greater long-term problems.

In 1971 Paramount Pictures, flush with cash after the success of *The Godfather*, bought a half share in UPMT. They hoped to base a new fourth television network in the United States on a nationwide UPMT nightly news show. The show was excellent, being produced by Burt Reinhardt and Reese Schonfeld, who were to go on to mount CNN for Ed Turner. But the costs of transmitting it by landline and micro-wave (satellite transmission within the US had not then been developed) proved too high. After a few months, and the loss of a million dollars, Paramount called a halt.

The man who bought Paramount's shares brought problems of another kind. John McGoff was the owner of a small chain of newspapers, and a radio station, in Michigan. Yet he produced \$1.3m in cash for a half share of UPMT.

Four years later the mystery was explained. When the

Vorster government fell in South Africa, a Commission of Inquiry found that its Minister of Information, Cornelius Mulder, had advanced the money to McGoff in the belief that part-ownership of an international news agency would bring propaganda advantages for South Africa. He was greatly mistaken. Not only were UPMT and ITN, with their own reputations at stake, watchful for anything in the UPMT service which smacked of bias, but they were aware that any hint of bias could wreck the sale of the service.

These upheavals placed a great strain on Kenneth Coyte. Though fully aware of the precarious position of the company, he maintained a steady, cheerful, calm, recruiting and encouraging staff, travelling frequently, and for long distances, to sell the service in the face of fierce competition from the lavishly endowed Visnews competitor. His determination was rewarded when, in 1979, the truth about McGoff's finances was revealed. ITN moved swiftly to buy his shares,



Coyte: steady determination

and remove any trace of a link, however tenuous, with the apartheid regime of South Africa. And they made Coyte chief executive, with the title of president.

He succeeded brilliantly. The 1980s saw a rapid growth in television stations throughout the world. Coyte saw to it that the

newcomers became subscribers to his service. The name of the company was changed to the more easily remembered *Worldwide Television News - WTN*. He diversified the product. Alongside hard daily news he offered special packages dealing with sport, entertainment, the arts, travel and the environment. By 1986 the company was firmly in profit. He installed it in new, custom-built premises at Camden Lock in London. During his years in charge the turnover increased sevenfold.

Above all, Coyte kept WTN in the forefront of news gathering. It came triumphantly through the severe test of the Gulf War. It could rightly claim that it dominated that story, with a long list of stories in which it was first with its coverage.

Kenneth Coyte was very much a Yorkshireman - so much so that it was only partly in jest that he told his children that they should ensure that their children were born within the boundaries of Yorkshire, so that they could play cricket

for the county without argument. A sturdy, powerfully built man, he had a quiet manner, never forcing his opinions on others, but ready, when the time came, with a well thought out view of his own. His Yorkshire character came through above all in his steady determination and in his sense of humour. Calm in crisis - and the first 10 years of UPMT were one long crisis - he could see, and relish the elements of comedy which are part of most crises. He was both a good editor and a good chief executive, skilled at selecting subordinates, and firm and yet relaxed in his dealings with them.

Though his life was spent out of the spotlight, Kenneth Coyte was one of the great pioneers of television journalism, a man of high standards, courage, and human warmth.

Geoffrey Cox

*Kenneth Anthony Coyte, journalist and television executive, born Leeds 6 February 1932, married Patsy Mache (deceased), three sons, three daughters; died Cheltenham 6 January 1997.*



'The Vagabond Lover': O'Connor in his dressing room, 1950. Photograph: Hulton Getty

The lilting-voiced singer of Irish songs Cavan O'Connor spent virtually his whole life on the stage. Handsome, with an attractive tenor voice, in the Twenties and Thirties he won all hearts as he made his entrance dressed in a white suit with crumpled white slouch hat to match. He stroled on and off, performing popular songs in which he had the audience chorus with him, always ending with such sentimental numbers of the day as "When I Leave the World Behind" and "In the Still of the Night". But the songs for which he was best known were "I'll Take You Home Again Kathleen" and his signature, "I'm Only a Strolling Vagabond".

Clarence Patrick O'Connor, as he was christened by his parents, left Ireland for England in 1899, shortly after he was born, when the family settled in Nottingham. His Irish father died a few years later and his English mother, in straitened circumstances and with a child to support, found little Clare odd jobs at an early age before the First World War. He was wounded in the war at the age of 16 while serving in the Royal Horse Artillery. Demobilised,

he got work wherever he could as a busker and pub singer; despite his untrained voice he made quite a mark at working men's clubs, supplementing his mother's income.

While still a youngster he developed a typically light voice with a strong Irish lilt. He came down to London from Nottingham in his late teens with the professional stage in his sights. He took bookings wherever he could find them and a "singing Irishman" in those days was welcome on any bill, which would include such distinctive national types as Talbot O'Farrell, the Scots Will Fyffe and "Our Hebrew Friend" Julian Rose.

Young Clarence did more than play variety and was set on singing straight in his spare time. He knocked on the door of the head of the Royal Academy of Music, Sir Hugh Allan, and he, impressed by O'Connor's voice and personality, gave him the chance to study musical theory, an asset that enabled the ex-busker to make more serious stage appearances, and to drop his original stage name, Clarence Patrick, for that of Cavan O'Connor.

He was at the Old Vic as a

singing "super" in the early Twenties and recorded his first solo song for the BBC in the old Savoy Hill days of 1925. He was offered engagements at Covent Garden and courses of learning to sing in international seasons as a chorus boy in Italian and German.

This varied existence led to work with Sir Nigel Playfair at the popular Lyric Theatre, Hammersmith, when he showed his true versatility by playing small roles and understudying in such operas as *The Duenna* (1924), *The Beggar's Opera* (1925) and *A. P. Herbert's Riverside Nights* (1926). Assorted singing roles followed when he appeared in Viennese operetta at the old Gaiety Theatre in the West End.

An association with Hugo Ripgold gave him work as a regular soloist with such musical combinations as Fred Hartley's Quintet, where the various members included such talents of the day as George Melachrino, Chippie d'Amato and Alfredo Campoli.

It was when Eric Maschwitz, then the BBC's Head of Variety (radio), christened Cavan "The Vagabond Lover" in the 1930s that O'Connor's career as a singing variety, radio and

recording star really took off, and bookers with musical managers lined up for the Irishman who was fast becoming a household name. From the mid-Twenties to the mid-Thirties he made hundreds of records.

By this time his bill-matter (the description of the artist) was "only a strolling vagabond" and "the vagabond lover". Under such names he made many radio appearances on *Monday Night At Eight* and *The Irish Half-Hour*, and in 1935 he started to sing on a weekly programme, *The Vagabond Lover*.

From then on he topped the bill in variety halls, to which he returned more or less permanently after the Second World War. He played Australia and South Africa, and home in the Sixties and Seventies became for some while a memory as he toured Britain with the "old times" stars assembled by Don Ross in *Thanks for the Memory*.

He also formed the Avonmore Trio, in which his wife Rita, under the stage name of Rita Tate (she was a niece of the celebrated singer Maggie Teyte), played the piano as accompanist for him and one of his three sons the guitar. (An-

other son, Garry O'Connor, is a well-known literary biographer.) When the old Hackney Empire reopened a few years ago, Cavan O'Connor headed the bill with his wife.

During the Eighties, when he was making only the occasional stage appearance, I invited him to appear in *Old Stages*, the BBC radio series I had written with the late Brian Haines, which ran for a number of years. Here he ran the gamut of popular music emotions and there was plenty of sentiment in the voice still, although his endearing personality, complemented on stage by scenic effects such as a backdrop of poppies, fields and haystacks, could not be seen.

He may not have been one of the giants like Vesta Tilley, Marie Lloyd, Dan Leno or even George Robey, Albert Chevalier, or Little Tich, but Cavan O'Connor made his mark, and will be remembered by all who loved the hills, variety and its attendant arts.

Peter Coles

*Clarence Patrick ("Cavan") O'Connor, singer, born 1 July 1899; married 1929 Rita Odell-Teyte (three sons); died London 11 January 1997.*

# Duncan Wood

Wherever the craft of television comedy is discussed Duncan Wood's name will be mentioned as a pioneer and innovator. First as a BBC producer, he was responsible for shows such as *Hancock's Half Hour* and *Step by Step*, and later, as Head of Light Entertainment at Yorkshire Television from 1973, his credits included *Rising Damp*, starring Leonard Rossiter.

Wood was born in Bristol and had already done some work as a sound modulator for the BBC there by the age of 21, when I first met him on board the *Georgic*, a troopship taking National Servicemen, which we both were, to the Middle and Far East. After forming a ship's orchestra, he playing the trumpet and I making a misdirected stab at guitar and vocals, we disembarked at Singapore,

where he developed his liking for curries. His commanding officer was David Jacobs.

Some 10 years later, having lost touch with Wood, I turned up at the BBC Television Centre in Wood Lane, west London, as a fledgling producer/director, and in the bar there was welcomed by a portly, balding mandarin who bought me a drink and showed me a dog-eared photograph of two slim youths in front of a row of palm trees.

"Who are they?", the man asked.

"I've no idea," I replied.

"They're us, you fool," Duncan Wood snarled, for it was him, and it was us. He had heard that I was going to work at the centre and was determined to be the first in with a greeting.

By this time, in the early Sixties, Wood was a well-known

name in the world of television, having already produced and directed the television series which succeeded the radio programme *Hancock's Half Hour*, written by Ray Galton and Alan Simpson; and also the equally timeless *Step by Step* and *Son*, written by the same pair. Wood was responsible for the first colour comedy programme, *The World of Comedy*, starring Spike Milligan, and directed the first Royal Variety Performance in 1962, at the London Palladium. His name appeared on countless other comedy shows, many of which are currently being repeated, becoming one of the BBC's most respected television producers with awards and Baftas to his credit.

In 1972 he became Head of Comedy at the BBC, before

leaving the Corporation in 1973 to take over as Yorkshire Television Head of Light Entertainment, a new post created especially for him. There he was responsible for, among other successes, the setting up of Yorkshire's comedy jewel in the crown, *Rising Damp*, which made the incomparable Leonard Rossiter a household name. He was also responsible for *Only When I Laugh* (which was John Boleam), *In Loving Memory* (starring Thora Hird) and game shows including *Winner Takes All* and the long-running 3-2-1. He rose to become Controller of Entertainment Programmes and retired in 1984.

Although the word "executive" now carries little or no kudos, I remember Wood's authoritative behaviour in his position as executive producer

on a show which he employed me to direct. I had finished recording a scene which involved the American female lead and completed all her necessary work in the show. She asked to see the scene played back to her on the studio floor. I explained to her that, as we were fast running out of recording time, she might wait until we had finished recording and then I'd be glad to show it to her. She sat down on a chair and refused to allow us to continue until she had seen and approved her work. The assistant director telephoned Wood and requested that he come to the set and straighten things out.

Almost immediately he was there, listened to the problem in a quiet corner, and, a couple of minutes later, gently but firmly led the actress to her

dressing room to discuss things, allowing us to finish the recording in the allotted time. Later the actress left to catch her plane, telling me that there was no necessity to re-run the scene. She was very happy. I never found out what steps Wood had taken to bring about her new-found sense of well-being but I was told it involved a sharp telephone call to her agent in Los Angeles.

Duncan Wood represented a type of television producer/director that is fast disappearing. He was carefully selective, knowing exactly the effect for which he was aiming. He was a meticulous planner too - one had to be in those days when programmes and audiences were live. He could judge almost to the second how much audience laughter and reaction time

should be added to a script (this was before the laughter was "canned") and knew when additional dialogue and cuts were needed to make up or save time. When directing, everybody knew who was in charge.

Wood was rather a solitary man: it was hard to believe he had been married and divorced twice. He owned up to having two main vices in his life, both from Scotland, whisky and golf.

Joe McGrath

*Duncan Wood, television producer, born Bristol 24 March 1925; Head of Comedy, BBC television 1972-73; Head of Light Entertainment, then Controller, Entertainment Programmes, Yorkshire Television 1973-84; twice married (marriages dissolved); died London 11 January 1997.*



Light entertainment: Wood in 1950. Photograph: BBC

## Births, Marriages & Deaths

**BIRTHS**  
PRESTON: On 4 January to Susan and James, a son, Toby Alan.

**Announcements for Gazette Births, MARRIAGES & DEATHS** (Births, Adoptions, Marriages, Deaths, Memorial services, Wedding anniversaries, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 3DL, telephoned to 0171-235 2811 or faxed to 0171-235 2810, and are charged at £6.50 a line (VAT extra). OTHER Gazette announcements (notices, notices, Funerary notices, Marriages) must be submitted in writing (or faxed): charges are £10 a line, VAT extra. Please include a daytime telephone number.

**WILLS**  
Lord Amery of Lastleigh, of London SW1, the former politician, left estate valued at £4,345,502 net. He left all his political papers, literary works, manuscripts, photographs, illustrations and recorded matter to Winston Churchill MP, the Hon Leopold Amery and John Boteler.

**ROYAL ENGAGEMENTS**  
The Princess Royal attends a lunch to mark the Centenary Year of the Royal Institution of Chartered Surveyors in Scotland. Glasgow City Chambers and as President, Annual Health Trust, attends a dinner for the US Supporters Club, Back's Club, London W1.

**Changing of the Guard**  
The Household Cavalry Mounted Regiment presents the Queen's Life Guard at Horse Guards (11am).

**Birthdays**  
Captain Sir Alastair Aird, Comptroller to Queen Elizabeth the Queen Mother, 66; Professor Sir Melville Arnott, cardiologist, 88; Mr Peter Barkworth, actor, 68; Miss Carol Bellamy, executive director of Unicef, 55; Mr Richard Briers, actor, 65; Baroness Brooke of Stratford, former chairwoman, Conservative Party, 89; Lord Calton, president, Morgue Grenfell, 74; Miss Faye Dunaway, actress, 56; Miss Malina Gielgud, ballerina, 52; Miss Andrée Grenfell, former managing director, Globby International, 57; Mr Brian Hardie, cricketer, 47; Sir Martin Hoggate, president, Zoological Society of London, 66; Sir Arthur Hoole, solicitor and former chairman of the College of Law, 73; Mr Jack Jones, singer, 59; Professor Sir Haus Kumborg, former Master of Christ's College, Cambridge, 69; Mr John Lever, Headmaster, Canford School, 45; Mr Warren Mitchell, actor, 71; Sir Trevor Nunn, theatre director, 57; Sir Neil Pritchard, former ambassador to Thailand, 86; Mr Christopher Reeves, banker, 61; Sir Vernon Secombe, chairman, Plymouth Hospitals NHS Trust, 69; Mlle Catherine Valente, guitarist and singer, 66; Mr Bill Wertheim, snooker player, 41; Sir John Woodcock, former HM Chief Inspector of Constabulary, 65; Mr Roger Young, chief executive, Scottish Hydro-Electric, 53.

**Anniversaries**  
Births: William the Great, King of Denmark, 1131; John Baptist Vanloo, painter, 1684; Benedict Arnold, soldier and traitor, 1741; Ludwig Alois Friedrich von Köchel, naturalist and writer, 1800; Matthew Fontaine Maury, oceanographer, 1806; Ignace-Henri-Jean-Theodore Fantin-Latour, painter, 1836; The Rev Wilcox Carrile, founder of the Church Army, 1847; Pierre Loti (Louis-Marie Julien-Viau), novelist, 1850; Jean Miczyslaw de Reszke, tenor, 1850; Dr Albert Schweitzer, missionary surgeon, 1875; Hugh Lofting, author, 1886; Hal Roach, film producer and director, 1892; John Rodriguez Dos Passos, novelist, 1896; Sir Cecil Walter Hardy Beaton, photographer and stage designer, 1894; Russ Columbo (Ruggiero de Rudolpho Columbo), singer and actor, 1908; Joseph Losey, film director, 1909; Deaths: Odoric of Pordenone, Franciscan and traveller, 1331; Thomas Cowearty, first Baron Cowearty, judge, 1649; Dr John Boyce, scholar and translator of the Bible, 1643; Pietro Francesco Cavalli, composer, 1667; Edmond Halley, astronomer, 1742; John Pinder ("Peter Pinder"), physician and poet, 1819; George Dance the younger, surveyor and architect, 1825; Jean-Auguste Dominique Ingres, painter, 1867; Lord Napier of Magdala, soldier, 1890; Henry Edward Manning, Cardinal, 1892; Albert Victor, Duke of Clarence, 1892; Lewis Carroll (Charles Lutwidge Dodgson), author, 1898; Ernst Abbe, physicist and industrialist, 1903; Harry Furniss, caricaturist and illustrator, 1925; Joaquina Turina, composer, 1949; Humphrey DeForest Bogart, actor, 1957; Sir Robert Anthony Eden, first Earl of Avon, statesman, 1977; Anais Nin, writer and poetess, 1977; Peter Finch (William Mitchell), actor, 1977; Gilbert Spencer, artist, 1979. On this day the Great Frost Fair began on the Thames, 1205; the Hampton Court Conference began, 1604; Norway was ceded to the King of Sweden by the King of Denmark, 1814; an attempt was made on the life of Napoleon III by Felice Orsini, an Italian revolutionary, 1858;

Queen Victoria heard a concert relayed to her by telephone, 1878; Puccini's opera *Tosca* was first performed, Rome, 1900; an earthquake in Jamaica destroyed Kingston and killed over 1,000, 1907; German warships bombarded Yarmouth, 1918; in the Italian general election 29 Fascists were returned, 1921; the oil pipeline between Kirkuk and Haifa was inaugurated, 1935; Winston Churchill and Franklin Roosevelt met at Casablanca, 1943; the Playboys Theatre, London, opened, 1946; Marshall Tito was elected first president of the Yugoslav republic, 1953; the musical show *The Boy Friend* was first produced, London, 1954; the law requiring motorists to wear seat-belts was made permanent, 1966; Today is the Feast Day of St Antony Pucci, St Barbassas and St Barbasconia, St Datus, St Felix of Nola, St Kenigera or Mungo, St Macrina the Elder, The Martyrs of Mount Sinai and St Sava.

**Lectures**  
National Gallery: Alexander Sturge, "Nymphs and Shepherds (ii): Claude, Echo and Narcissus", 1pm.  
British Museum: Elizabeth Baquedano, "Feather-serpent Images: Teotihuacan to the Aztecs", 1.15pm.  
National Portrait Gallery: John Cooper, "A Private View of the Old Masters Exhibition, Royal Academy 1888", 1.10pm; Philip Hoare in conversation with Neil Tennant, "Noel Coward", 7.15pm (tickets required).  
Widley College, London: London WC1: Professor Lewis Wolpert, "Why Do People Believe in Things For Which There is No Evidence?", 1.15pm.  
Exeter University: Graeme Odgers, "Competition Policy and Utility Regulation", 5.15pm.

## Human rights infringed at Saunders trial

**LAW REPORT**  
14 January 1997

The use by the prosecution as an accused's trial for offences of fraud and conspiracy of statements which the accused had been compelled by law to make to Department of Trade and Industry investigators constituted an infringement of the accused's right not to incriminate himself and was accordingly a breach of article 6 of the European Convention on Human Rights, which guarantees the right to a fair trial.

The European Court of Human Rights ruled by 16 votes to 4 that there had been a violation of article 6 of the Convention in the trial of the applicant, Ernest Saunders, and others involved in the "Guinness affair". The court declined to award compensation but awarded him £75,000 in costs and expenses.

Mr Saunders was tried between April 1989 and August 1990 on 15 counts including theft, false accounting and conspiracy. His prosecution followed an investigation by the DTI into the conduct of a battle between Guinness plc, of which Mr Saunders was then chief executive officer, and Argyll plc for the takeover of Distillers plc, which Guinness finally bought in April 1986.

During the DTI investigation, Mr Saunders was required by law, on pain of being fined or imprisoned for contempt of court, to answer questions put to him by the inspectors. At his subsequent trial the prosecution were permitted to use in evidence transcripts of the statements made by him to the DTI inspectors.

Mr Saunders was convicted and sentenced to five years' imprisonment. This was reduced on appeal to two and a half years, but save on one count his appeals against conviction were all rejected.

Mr Saunders complained to the European Court of Human Rights that the use at his trial of the DTI material infringed his right against self-incrimination and that his trial was accordingly unfair.

Article 6 provides:

1. In the determination of... any criminal charge against him, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law.

The European Court of Human Rights said the right not to in-

support of the prosecution's case.

In this case, the prosecution had used Mr Saunders' statements to the DTI in an incriminating manner, to cast doubt on his honesty and to establish his involvement in an unlawful share support operation. Part of the transcript of his answers to the inspectors had been read out to the jury over a three-day period despite his objections.

Accordingly, there had been an infringement of his right not to incriminate himself. The public interest in combating fraud could not be invoked to justify the use of answers compulsorily obtained in a non-judicial investigation to incriminate him at his trial.

The court declined to make an award for Mr Saunders's pecuniary loss pursuant to article 50 of the Convention, noting that it could not speculate on the question whether the outcome of the trial would have been any different had use not been made of the DTI material by the prosecution, and its finding of a breach of article 6 was not to be taken to suggest this. But the court awarded him £75,000 to cover his costs and expenses in the Strasbourg proceedings.

Paul Magrath, Barrister

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## essay

# Labour's likely lad

From humble beginnings, John Prescott looks destined for high office in the next Labour government. Behind his public image lies a more complex character than his critics allow, says his biographer Colin Brown

In the event of being elected Prime Minister, one of Tony Blair's first tasks will be to call his deputy, John Prescott, to 10 Downing Street to discuss his role in the Labour government.

The outcome of those negotiations with his difficult, belligerent, big-hearted deputy could determine the success or failure of a Blair government and both Blair and Prescott are aware of it.

Prescott has always had the capacity to withdraw from the "Blair project" if he believed it was going too far in the modernisation of the Labour Party. He has complained about the pace of change but he has not objected to the principle of change.

Prescott's critics on the left of the party who believe he has given away too much, and in the Conservative Party who see him as a political dinosaur, misunderstand the man, and have fallen for the easy stereotype.

The Prescott the public sees is the bluff Northerner, blunt as a fist, a chip on both shoulders, with vowels as flat as a cap, huffing for a fight. There is no doubt that Prescott is tough. As a boy at sea he had to be - life as a young organiser in the seamen's union in Liverpool was no place for the faint-hearted. His father, Bert, told me that young John learnt how to box

to protect himself against intimidation.

I had access to Prescott's papers, his family and his friends, although my book is an unauthorised biography. They are an amazingly loyal bunch. Former seafaring friends, the Cunard stewards with whom he used to serve coffee to the blue-rinse ladies on their trips to America, would not speak to me without first checking with "Johnny" to make sure it was all right. Even then, they were guarded about what they would say about the antics of young Lothario from Chester who bore a striking resemblance to Marlon Brando in *On the Waterfront* when he was a youth.

They still keep in touch with the deputy leader of the Labour Party, 30 years after he left the ship, and in December they held their annual reunion. He has tracked down a ship-owners' model of their old ship, the *Britannic*, which they are hoping to install in a maritime museum on Merseyside. It was the same with his friends at the Commons. They have formed a screen around him, which could be opened only with his say-so.

What is it in Prescott that inspires such loyalty? It is partly, no doubt, that they wish to avoid his hark, either down the telephone or in person. But it is also because they

know the vulnerable, private side of Prescott.

His second son, David, a journalist, who looks remarkably like his father when he was in his twenties, says Prescott can speak to a crowd of 3,000 supporters without flinching. In fact, he enjoys the experience - but he will not ring up a restaurant to book a table.

Thousands of children like Prescott failed their 11-plus but none has been quite so scarred by the experience. He has frequently told the story of the girl who sent back a love-letter when he had failed the exam, with the spelling errors corrected. Nothing could have been quite so crushing as that rejection. I tried to find her, but he is keeping her identity secret. His brother Ray can't remember her. Ray went on to grammar school, while John went to a secondary school at Ellesmere Port.

His mother, Phyllis, a life-long Labour supporter, says the class-warrior was worryingly shy at school. Part of the problem was his syntax, or lack of it. Some have suggested it might be a form of verbal dyslexia.

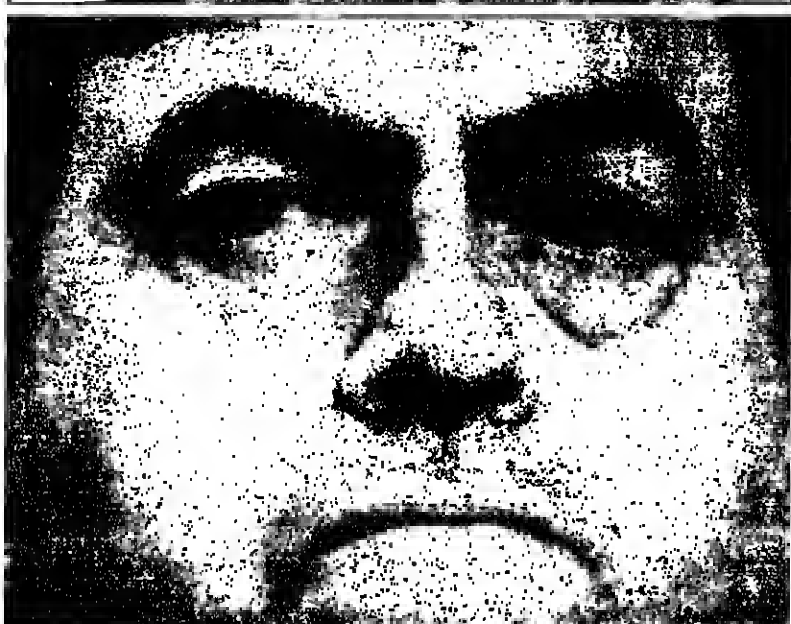
His closest trade union friend, Rodney Bickerstaffe, believes his mind races ahead, jumping from one thought to another. There is little wrong with his capacity for intellectual

thought. He regards himself as one of the original modernisers, who was having fresh ideas before the Blairites were out of short trousers.

Pauline, his wife, says he is the HG Wells of the modern Labour Party. The refusal of the "intellectuals" to recognise Prescott's contribution to the modernisation of the party is a continuing source of his frustration, which causes his occasional outbursts in the press.

My starting point for writing the biography was rooted in the late Eighties, when I discovered that Prescott was quietly pushing forward a change of policy that would allow British Rail to raise private finance for investment in rolling stock and track. To Prescott, it seemed a logical solution to a problem of Treasury stringency, but breaking down the Treasury orthodoxy took years.

John Major was tentatively pushing at the same policy, and now claims parentage for the Private Finance Initiative, but it was Prescott's idea. Similarly, Prescott came to the conclusion at the same time as Blair that accepting the Social Chapter would also mean an end to the closed shop - giving people rights also meant they had a right not to join a trade union.



Facing the future: the young Prescott (above, at the front, with his family) had a tough time as a young seamen's union organiser. But his bluff image hides a more thoughtful side. Main photographs: Brian Harris



the party conference in Brighton in 1993 during a debate on "One Member One Vote" democracy in the party. Smith had privately threatened to resign if he had lost. Friends said Prescott never felt patronised by Smith, and they understood each other. That was all changed when Smith died of a heart attack in May 1994.

Blair's determination to press ahead with rewriting Clause IV of the party's constitution could have caused the first real crisis in their alliance. Prescott was against the reform, but he was won round, and when he was persuaded of its virtues, he became a crucial factor in selling it to the party. His disagreements with Blair since then have not been about the direction in which he is taking the party, but about the pace of change. Prescott's loyalty was strained to breaking point in early 1995 when he was kept out of the "magic circle" for an important strategy meeting. Since then, he has insisted on being kept informed.

Prescott is a great conspiracy theorist. A picture on his living-room wall reminds him of how cruel the plotters can be. It is a print of the official painting of the House of Commons, when Thatcher was Prime Minister and Kinnoch leader of the Opposition. It was done from a photograph, taken when Prescott was sitting on the front bench. In the painting he appears on the second row, on the so-called "loyalty hench", demoted, he is sure, on the orders of someone in the leader's office.

Above all, Prescott has been keen to show Blair that his loyalty is absolute, once it has been earned. I had assumed that Prescott's hero would be Nye Bevan, the Welsh left-wing firebrand. But reading modern political history at Ruskin College, Oxford, Prescott adopted Ernie Bevin as his hero. The working-class Labour MP who rose to become foreign secretary in the great reforming 1945 Attlee government was Prescott's perfect role model. Prescott sees himself in the

role of Bevin to Blair's Attlee, providing sage advice and indefatigable support, when necessary. There is no question in Prescott's mind that Blair has achieved great things for the Labour Party, but he would prefer it if the engine driver would listen to the voice from the guard's van a little more.

About 12 months ago, Blair warned the Shadow Cabinet that unless they were united, they would risk losing the election. Prescott heeded the warning. His last public remonstrance was last August, when Prescott said in an interview with me for *The Independent* that he thought the election should be fought on substance, not style.

Since then, Prescott has been keeping loyal to the task of seeing Labour elected. He is not about to explode, like some long-extinct volcano, or lead a peasants' revolt once the election is safely won. He will not play George Brown to Tony Blair's Harold Wilson, but there are some sticking points to his loyalty. He would not allow Labour's links with the unions to be severed without a fight, and he is wary of those who have floated the idea of a coalition with the Liberal Democrats as a bastion against Labour's own left wing in government.

There is continuing doubt about Prescott's likely role in government. Blair ducked the question again on the BBC *Breakfast with Frost* show at the weekend. There is talk about Prescott being made Home Secretary: it is one of the high offices of state, and it would keep him out of Gordon Brown's hair.

If Labour does win, and Prescott gets the call to Number 10, he may ask to be made First Secretary and Deputy Prime Minister, like Michael Heseltine. In my view, he has earned it.

*Fighting Talk*, Colin Brown's biography of John Prescott, will be published by Simon and Schuster on 3 February (£15.99).

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## Thrills and spills in the BBC radio car

Yesterday we started our new interactive novel *24 Man For Today* in which you, the reader, are Jeremy Plinth, Junior Minister for Arms Sales at the Foreign Office. Very early one morning you are tricked into agreeing to appear on the Radio 4 "Today" programme, even though you would much rather stay in bed. At 6.30 a BBC radio car turns up to collect you... Don't forget that YOU are Jeremy Plinth! And at every juncture, YOU have to choose the right option before you can continue the story! Right, here we go!

"Mr Plinth, sir," says the uniformed chauffeur of the BBC radio car, as you sleepily walk down your tiny Chelsea garden path.

"That's right," you say. "You're taking me to the radio car. That saves you going all the way to W1."

You are about to get in the back of the car when it suddenly occurs to you that it might be more egalitarian to get in the front beside the driver. You are about to get

in the front when it suddenly occurs to you that he might find this a bit self-consciously matey and over-familiar. You are about to get in the back when the chauffeur solves the problem for you by saying:

a) "For God's sake stop dithering and get in the back!"

b) "You can sit in the front if you like, but I must warn you I'm a Spurs supporter, so you can imagine how cheerful I am right now as company."

c) "Do you want to drive while I sit in the back and read the paper?"

d) "If you sit in the back, sir, I'll take the wheel and drive until we're ready."

Yes, of course - the chauffeur politely puts you in the back and takes the wheel, and off you go through early morning Chelsea. You don't often see London this early, so you look around with keen interest at all these people going off to work. You don't look with very keen interest at all these homeless people sleeping rough, because as a rising politician you can't afford to let yourself get bogged down by sentimentality, and



Miles Kington

besides, none of these people has got a vote probably, so they aren't very important for the next election.

Dawn is beginning to break as you head north past Hyde Park, and then something very strange strikes you. Yes, even a rising politician has a few brain cells left, enough to alert you to the fact that something is wrong. But what is this odd thing that is setting off all the alarm bells in your sleepy brain?

a) You have got your shoes on the wrong feet.

b) When you said goodbye to your sleeping wife, she said, "Goodbye, Charlie," which isn't your name.

c) You forgot to ask the *Today* programme how much you were getting paid for this.

d) If the interview is being done in the BBC radio car, why is the man driving you somewhere else?

Yes, why are you being driven somewhere? Surely the whole point of the radio car is so that it can be done on the spot, ie outside your Chelsea address! So you bang on the glass and the driver says, "Yes, sir?"

And you say: "Look, where are we going? Why can't we park outside my house and do it?"

"Not very good reception," says the driver. "Too low in Chelsea. We have to find somewhere where we can send a good signal, so I'm heading for Notting Hill."

Of course! Simple when you think of it! So you nod off to sleep for a while, but when you wake up you realise you are going through Swiss Cottage, which is way to the north of Notting Hill and you panic, and start

bashing on the glass again, but you suddenly realise that he has closed and locked it, and you are a prisoner! The driver refuses to look round. You try to get out of the car at some red lights but the doors are locked.

What on earth is going on here?

a) The chauffeur has forgotten he has got you in the back, and is absent-mindedly heading home for breakfast.

b) The *Today* programme has got Malcolm Rifkind to do the interview instead of you, and is too embarrassed to tell you.

c) Your wife has discovered that you are two-timing her with a mistress in Fulham and has paid for a contract killer to dispose of you.

d) The Labour Party reckons that if it kidnaps no more than three Tory MPs, of whom you are one, it can win the vital vote of confidence in the House tonight!

Yes, the truth of the matter is that... I'm sorry. We seem to have run out of space. More of this some other time, perhaps.

صكرا من الاميل



## On education, Blair means business

One of the fastest-forgotten films of 1996 was *Dangerous Minds*, a gripping Michelle Pfeiffer vehicle in which the star improbably played an ex-marine who starts teaching impossible kids at a high school in Los Angeles. Sheer Hollywood schmalz, of course, and it was more or less dismissed by the posher critics.

Yet it was about something which isn't tackled enough in Anglo-Saxon popular culture: how, if you have no other advantages, being engaged by a good teacher is the one you need most; and about what happens in school, sometimes even more than what happens at home, is what makes the difference between hope and hopelessness, between rising above the ghetto or being dragged down by it. If nothing else, it preached the absolute centrality of education to social progress.



**Donald Macintyre**  
Improving schools must be funded by savings elsewhere – social security in particular

Which is just what Tony Blair was doing on TV's *Breakfast With Frost* at the weekend. Recent history is littered with the broken hopes of politicians who promised that education would be their big idea. So Blair went a stage further by saying, in effect, that improvement of Britain's education system would be for him what trade union reform was for Margaret Thatcher. Which is an interesting comparison for two reasons.

First, because while Mrs Thatcher was committed to changes in industrial relations in her 1979 manifesto she was distinctly reticent before she became Prime Minister about what turned out to be the dramatically specific ways in which she would do it. And secondly because it invites the immediate gibe that perhaps Blair thinks that he can transform British education, as Margaret Thatcher transformed union legislation, for free.

On the face of it, there is no shortage of ammunition for this charge – which a range of critics, for example in the teaching unions and the Liberal Democrats, have already started to level. David Blunkett has bravely sketched out the savings for higher education that comprehensive student loans will provide. But Labour has still made only a single, very modest, commitment on schools spending: to finance a cut in primary school classes from the money saved by scrapping the private sector Assisted Places Scheme. Yet there aren't many serious people in any party who don't think the state education system needs a lot more money than that.

In the real world, for example, as opposed to the one conjured by Hollywood, a lot of tough, able, and potentially dedicated people need more than ideas to turn their lives upside down by giving 100 per cent commitment as teachers in sink schools. They need public appreciation. Even more, they need a decent salary. But Blair doesn't believe in raising taxes, even to pay for better education. So does he think that mere preaching is enough? No, as it happens. There is a clear sub-text emerging

extra in tax, or something even more painful. No, the real problem is that there is a cross-party taboo on talking about many of the potential savings before the election. But it now looks as if not only reducing the "costs and burdens of long-term unemployment" as Labour's document put it last week, but maybe, just maybe, the ending of *à la Walden*, of some cherished middle-class perks could help to fund an improved state education system.

And that in turn may mean widening the constituency which feels it has a stake in better public education. Ideally that would mean, as Walden also suggested, dismantling the apartheid between private and public sectors and by luring some of the best independent schools back into the state system. It also means convincing those who are doing nicely by private education, or by state grammar schools, or the best comprehensives, that transforming the inner-city schools which the rich and lucky at present ignore for their own children, will mean a more prosperous, more competitive, more civilised, less crime-ridden, less divided society. And this Blair shows every sign of being serious about doing.

The rise and rise of David Blunkett, unmistakably now an education moderniser, is further evidence that these were more than warm words from Blair at the weekend. That doesn't, of course, mean that he and Blunkett could not do with some help. Step forward a film-maker to excite Britain about public education as *Dangerous Minds* failed, in the end, to excite America. *The Ridings* by Mike Leigh, perhaps?

from recent Blair pronouncements. If they mean anything, it is that more will be spent on education, but that it will have to be funded from savings elsewhere – social security reform in particular.

In his book last year, the Tory MP George Walden, who is no sentimental neo-Keynesian, argued that perhaps £5bn a year more was needed for the state system, including universal nursery provision. He suggested savings to pay for it, for example taxing child benefit, putting VAT on books and newspapers and scrapping mortgage interest tax relief – which would raise £3bn and could be presented as an economically sensible move to prevent another house price boom.

Walden's targeted savings may not be Blair's. But the wider principle surely is. This is dangerous territory – though perhaps no more so than the Liberal Democrats' apparently brave attachment to increasing income tax – "if necessary" – to pay for more education spending. A small prize for anyone who hears Paddy Ashdown saying clearly that this means an increase of 1p in the pound rather than using his favoured formula of a "penny on income tax". There is some convincing research which shows that quite a lot of voters think that this means a total of 1p a week

## A whale of a lie behind a fishy tale

by Ann Treneman



Keiko joins in a staff meeting at the aquarium where his future is under discussion

Photograph: Serge McCabe/The Oregonian

The Hollywood star was in the pool when I arrived, and he had the kind of schedule most of us only dream about. First came a rub-down, then a session with his personal trainer, followed by a light lunch. "There is squid, herring, sardines and smelt, all top quality," explained the publicist. "You could do worse than live on his diet. He eats about 200 pounds a day."

No, it is not the most expensive bouillabaisse on America's West Coast, but a freezerful of fish for Keiko, the killer whale who leapt to fame as the star of the *Free Willy* films. It has been a year since Keiko came to this pool – a custom-built \$7.3m tank at the Oregon Coast Aquarium – and it is not only his appetite that now seems larger than life. Keiko has four staff devoted to his care, and keeping him here costs half a million dollars a year.

Even by Tinseltown standards that is not cheap. His bills are paid by donations and that is a lot of charity for one whale. There is something fishy here, and that has to do with Hollywood, damage control and our love of happy endings.

Not long ago Keiko was just another amusement park attraction jumping through hoops for his dinner. In this he was like the other 50 killer

whales in captivity. Caught off Iceland in 1979 when he was two, Keiko spent time at Marineland in Ontario before being sold to Reino Aventura in Mexico City. It was here that Warner Brothers filmed him for its story about a whale helped to freedom by a boy after being threatened by unscrupulous amusement park owners.

*Free Willy* was a surprise hit,

moving Keiko to Oregon. Not only was he going to a bigger, better and colder pool, but he was also to be prepared for freedom – just like Willy. "The goal of the project has always been release but there are big obstacles," says an Oregon Aquarium spokeswoman. "It has never been done before and at this point he would die. He is not healthy enough, and he's

"We are here for his sake. What we do is entirely based on rehabilitation. This has never been done before," says mammalogist Nolan Harvey. Keiko has responded well to the regime – gaining 1,000lb to his current 9,000 and looking much healthier – but he has a long way to go before he swims free. So do we. There is much we do not know about killer whales

as we watch a documentary showing killer whales ambushing seal pups. Keiko leaves the observation window; if you've never seen a live fish, it is going to be some time before you are lunching on seal pup.

As well as becoming a killer, to be freed Keiko would have to be disease-free and fit enough to swim up to 100 miles a day. None of this dampens the media's enthusiasm for a feel-good story. "I'm on the West Coast of America with a Hollywood star who is preparing for a new free life," began an ITV report last week.

Nathan Labudde, of the Free Willy-Keiko Foundation in San Francisco, is almost evangelical about it all: "People are astonished that we are tackling this against such incredible odds. But we heard the same rhetoric when he was languishing in a pool in Mexico. Nobody believed we could do it, and we did. People need to believe in this."

In the movie Willy leaps to freedom and is soon cavorting on the high seas to a Michael Jackson tune. In reality, freedom has its drawbacks. Iceland is a pro-whaling nation and the sea isn't called cruel for nothing. In his pool, Keiko is rich and famous. In the ocean he is just another whale. The idea of a free Keiko could be the biggest whopper of them all.

### Free Willy? It could go badly wrong. Not for nothing is the sea called cruel

making \$150m worldwide and spawning a sequel, with another currently in production. But it also landed Warner Brothers with a public relations nightmare when it was revealed that the star himself was living in a pool that was too small and too warm. He may have been the best-loved killer whale in Latin America – well, he was the only one – but he was also the most unhealthy, with a drooping dorsal fin and a skin condition that is the whale equivalent of herpes.

By the time the sequel had premiered, the damage was almost completely in control, with plans well advanced for

too dependent on people." This is an understatement. Keiko loves people, and they love him. "We are his family. We are his pod," says a mammalogist, Mark Trimm. "We call him a one-in-a-million whale because he does not have the hormonal mood swings you normally see." Perhaps Keiko just does not have the time to be grumpy: from 7am to 10pm he is busy with aerobics, socialisation and play. After then one of his humans may drop by to see a movie with him. (Keiko, who watches through his observation window, hates nature programmes and loves action movies such as *Lethal Weapon*.)

– for instance, when and how they sleep – and we are particularly ignorant about the pods in Icelandic waters. If Keiko is freed he needs to be returned to his original pod. This could be identified only by dialect – each pod has a distinct one – but matching Keiko's is difficult as he "speaks" a rather odd patois that includes dolphin noises (they lived with him in Mexico) and a whistle like a Mexican fire engine.

Over the years Keiko has learned scores of "behaviours" but none so far involve anything as basic as killing. "They are the apex predator; nothing hunts a killer whale," says Mark Trimm.

## Babes in the Whitehall wood

If Labour is to wield power, it must learn to deal with the mandarins, says David Walker

Sir Robin Butler, Whitehall's head prefect and Cabinet Secretary, turns 60, retirement age, one year from now, in January 1998. If he is going to be replaced, the button needs to be pushed as soon as this June – mere weeks after Tony Blair's likely arrival at 10 Downing Street.

By this stage in the game, however uncertain the final electoral arithmetic, a Labour Party hungry for power should have decided on the Butler succession. But does an incoming Labour government even need a Cabinet Secretary who is also head of the Civil Service like Sir Robin? Only if it accepts without demur the Whitehall structure it will inherit from the Conservatives.

There were stories over the Christmas recess to the effect that Labour wants "an outsider" for the post. The fact is that it does not take much networking to see that only a limited number of people in Whitehall and even fewer outsiders have enough experience and clout to become either the Civil Service or professional head of the Home Office, would be a clone of Sir Robin. If Mr Blair picked Richard Mottram, now at Defence, it could be presented as state-school meritocracy in action.

There are at least four or five of Whitehall's top people who would do the existing Cabinet Secretary job well enough. But their identity matters far less than evidence that Labour has carried out its overview of the machinery of state. Working out in advance which officials of energy and imagination Labour ministers would be comfortable with is important for the government-in-waiting, but it is far less vital than developing a strategy linking political objectives, political possibility and administrative means.

Jonathan Powell, Mr Blair's chief of staff, has "had conversations"; he may even have talked to his brother, Charles, Lady Thatcher's Civil Service protégé at Number 10. He is said to see himself as head of a revamped "think tank", amalgamating the old CPRS and the Number 10 policy unit.

Some shadows have attended the odd Fabian or Institute of Public Policy Research seminar given by the Whitehall expert Peter Hennessy. But to date the most ordered statement of Labour's thinking about the Civil Service is a watery chapter in Peter Mandelson's and Roger Liddle's bathetic book *The Blair Revolution*.

Cynical men of the world lean back at this point and say, "committees and machinery, all that is for anoraks." What really matters, they say, are political personalities. If Mr Blair cannot trust his Chancellor, Gordon Brown, as Mrs Thatcher could rely on Geoffrey Howe in 1979, no amount of machinery will bridge the political chasm at the heart of the administration. Splitting the Cabinet Secretary's job, beefing up the Cabinet Secretariat... all that may be irrelevant, since Mr Blair, evidently, has no Michael Heseltine figure to head a central, progress-chasing unit in the Cabinet Office. Neither John Prescott nor Robin Cook look quite right for the role.

But cynical men of the world are wrong if they don't see how self-defeating is an approach to power that has not worked out, in advance, how far the Civil Service has changed under the Tories and how it ought to change under Labour. Any government with the kind of heavy constitutional commitments that Labour has needs a governing strategy and, critically for ministers who have never tasted life surrounded by a private office cocoon, a realistic sense of what civil servants can and cannot do for a Labour government.

Since January of last year – under more generous rules agreed, to his credit, by John Major – Labour shadows have had reasonably free access to Whitehall. Some have been along to training courses arranged by academic and ex-Civil Service sympathisers at Templeton College in Oxford to acclimatise. Some (David Blunkett and Michael Richard, the permanent secretary at the Department for Education and Employment) have met and matched. But it has taken some – Frank Dobson, notoriously – 11 months



Sir Robin Butler, Cabinet Secretary: Labour should be thinking about his successor now

to get round to visiting the man who, if Mr Dobson succeeds to the Environment Secretary's post, will be his daily companion in the pathways of power.

It isn't enough. Just as generals are always fighting the war before last, so Labour shadows seem lost in some ancient perception of Whitehall culled from the pages of the Crossman diaries. Either that or they have been listening too hard to Bernard Donoghue, head of Jim Callaghan's policy unit, and his memories of an obstructionist Civil Service. Folk memories on the left die hard: somewhere here is Ramsey MacDonald succumbing to Lady Londonderry's aristocratic embrace. And if the establishment can corrupt Labour *ingénues*, so can the smooth mandarins of Whitehall.

New Labourites of the Mandelson stamp think they are too sophisticated to fall into Sir Humphrey's clutches. Mr Mandelson, having come to know Sir Robin reasonably well in recent years, thinks all Labour needs to do is give civil servants their marching orders. Just as the machine served the Tories, so it will serve Labour. The old verities about neutrality and objective advice still hold.

The trouble with this is that the old verities are not enough. Mrs Thatcher's handbagging has marked Whitehall, and not just in the sense that there are now executive agencies and contracts and a new management style. Labour will inherit a Civil Service that has lost its intellectual edge and – beneath that infinitely smooth surface – a lot of its self-confidence. And that may actually make things more difficult for a Labour government seeking to initiate radical changes.

There are several areas where Labour will surely need first-rate advice, but will it be on offer. Of all Britain's post-war problems, the one that has never shown Whitehall at its best in terms of the quality of thought or imaginative advice is Europe. And, for all the seminars that the permanent secretaries have organised on the family and social dislocation, social policy is another area where Whitehall is weak, both in terms of inter-departmental co-ordination and new policy ideas.

Labour has at most four months before it takes power. There are two things it can still do before it inherits Whitehall. One is compiling lists. Before taking office, both Prime Minister and Shadow Cabinet colleagues ought to know enough of personnel and potential to identify, where appropriate, Whitehall's good women, French-speakers, Newcastle United supporters and so on.

But the names of civil servants matter less than the job they will be asked to do. What does Labour want Whitehall for? Does it expect hot, expert advice, or just professional implementation of pre-ordained policy? Those are not really administrative questions, they go to the heart of the Labour puzzle. Does Mr Blair want power in order to do, or power in order to be? Modern Whitehall is well fitted to give him the second. For the first, he would need to reform Whitehall far more radically than Mrs Thatcher ever dreamt.

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## Brussels warns of legal action over BA alliance

Chris Godsmark  
Business Correspondent

A simmering row between the Government and the European Commission over the UK's moves to approve British Airways' proposed alliance with American Airlines exploded yesterday when it emerged that the EC has threatened Britain with legal action unless it imposes much stricter conditions on the two carriers.

The warning is likely to spark a jurisdictional confrontation between Britain and the EC over whether Commissioners have the power to impose stricter conditions on the two airlines than those proposed by the UK authorities.

The legal threat came in a letter from Karel van Miert, Competition Commissioner, to Ian Lang, President of the Board of Trade, launching an attack on the report into the alliance by the Office of Fair Trading, the UK competition watchdog.

The OFT has provisionally ruled that British Airways and

American should give up 168 of their valuable take-off and landing slots at Heathrow Airport, equivalent to 12 daily return flights, to avoid an investigation by the Monopolies and Mergers Commission.

However, the conditions, which would still leave the alliance with some 3,000 slots at the airport, have been savaged by rival carriers as far too weak.

Mr Van Miert made clear in his letter, sent last Friday, that the



Ian Lang: Has yet to receive the controversial letter

EC wanted to go much further. He said: "We do not consider that the imposition of conditions can compensate for the restrictions of competition which results from the agreement."

He also cast doubt on the whole basis of the discussions under way between the UK and US authorities aimed at signing an "open skies" agreement to liberalise access to Heathrow. The US has said it will only approve the link-up, which would give BA and American 60 per cent of flights between the UK and US, if an open skies deal was successfully concluded.

The letter continued: "The conclusion of an open sky agreement between the UK and the USA remains, for the time being, hypothetical and its content is unknown. It is thus impossible to assess its impact."

In addition, Mr Van Miert confirmed his total opposition to slot-trading, where BA could receive compensation for giving up some slots. The airline has indicated it will accept limited divestiture of slots, but only if it can "sell" them



Legal threat: Karel van Miert, the Competition Commissioner, says he has the power to act against member states

to other airlines, a principle not disputed by the OFT.

He said slot-trading would restrict competition for other airlines anxious to gain a foothold in the market. He indicated that Neil Kinnock, Transport Commissioner, has also concluded that slot-trading was illegal under EC law.

Mr Van Miert warned that "if the UK continues its procedure with a view to adopting quickly

a decision along the present lines, the Commission may be forced to initiate a procedure under Article 169 of the EC Treaty." Article 169 gives the EC the power to take legal action against member states.

Rival carriers immediately welcomed the letter as a sign that the EC was flexing its muscles over its role in approving such alliances. Mike Whitaker, director of international affairs

for United Airlines, said: "This move doesn't surprise me at all. The Commission has been looking to establish jurisdiction in this affair and its pretty clear that they're going to use their power over slot allocation to do that."

However, British Airways insisted that the EC has no authority to disrupt transatlantic link-ups. "Brussels has no powers to block transatlantic alliances or impose conditions.

These powers rest with the relevant national regulatory authority, which in our case is the Department of Trade and Industry working through the Office of Fair Trading."

A spokeswoman for the DTI said Mr Lang had not yet received the letter and declined to comment further. However, it is sure to widen the rift with the EC over the alliance.

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## C&W plans to pay off senior staff

Chris Godsmark

Senior managers at Cable & Wireless have been offered substantial extra bonus payments if they agree to take voluntary redundancy after the £5bn cable merger goes ahead.

Executives are believed to have been promised compensation amounting to up to 60 per cent of salary, on top of any contractual severance payments. The unusual catch is that the bonuses are at the personal discretion of Dick Brown, C&W's American chief executive who joined the group last summer with a mandate to shake up the bureaucratic internal management culture.

Mr Brown is thought to have outlined his scheme to executives who were called together for a "morale-boosting" meeting before Christmas. As he detailed the plan, it became clear that only staff who left C&W would be eligible. He also said the final say on who received the cash would be up to him.

Thousands of job cuts are likely in the merger between Mercury, C&W's UK phone subsidiary and three cable companies: Nynex CableComms, Bell Cablemedia, and the UK operations of Videotron. Many senior management jobs could go in the shake-up, as the four organisations involved merge executive posts. Mr Brown is already known to be keen to bring in talent from outside, including senior figures from the US telecommunications sector.

Last night a C&W spokesman declined to confirm the existence of the bonus scheme. "Everything we do with our employees is confidential."

However, details of the arrangement came as the original April deadline for the merger looks increasingly optimistic. "There's just no way they can put this together by April and get the company quoted on the stock market," said a source yesterday.

Concern over the merger timetable knocked 4p off Cable & Wireless shares, which closed at 465.5p.

The announcement of who will run the new business is not thought likely to happen this week. The C&W spokesman yesterday disputed that the announcement had been originally planned for a week ago. He commented: "We are not far off but as usual you have to get absolutely right. It isn't a hold up in the sense that things are moving along very satisfactorily."

## CBI reports booming confidence in the City

Jill Treanor  
Banking Correspondent

The City is more buoyant than at any time since 1989, the peak of the last boom, providing further evidence of a bonanza last year among securities houses and other financial services firms.

The Confederation of British Industry (CBI) and Coopers & Lybrand survey of financial services firms showed confidence in the last quarter of 1996 rose at its fastest rate since December 1989, when the survey began.

Securities firms said the shortage of managerial and supervisory staff had risen to its highest level since the survey began, and they expect to increase employee numbers only modestly over the next three months. These expected shortages could partially explain reports of soaring salaries and bonuses.

The survey also showed that profitability among financial

services firms rose at its fastest rate since September 1994, although firms expect a slower rate of increase in profits in the first quarter of this year.

"Strong growth in the financial services mirrors the pick-up in the overall economy, with

firms expecting further but less pronounced increases over the coming months," said Sudhir Junankar, associate director of economic analysis at the CBI. "What is interesting is that it doesn't suggest an unsustainable boom," Mr Junankar added.

The volume of business rose more quickly than expected and is at its strongest rate since the survey began. With the exception of securities traders, firms expected further rises in the volume of business over the coming three months.

The survey covers the activities of securities, banking, finance houses, building societies and the insurance industry and shows they will continue to invest strongly in information technology over coming years. "The buoyancy in the finan-

cial sector, which is even stronger than expected last quarter, is in our experience making companies much more aware of the need to focus recruitment to secure high quality people and of the vital importance of well-targeted IT investment," said Pat

Newberry, partner at Coopers & Lybrand.

The survey also highlights discrepancies across the sector. Among securities traders, business confidence rose for the first time in three surveys as a result of the sharp pick-up in the value and volume of business over the three months.

At banks, business confidence recorded the sharpest rate of increase since 1989, with the level of business reaching well above normal after the past seven years.

In contrast, business confidence among building societies rose more moderately than at any time since 1995.

The profitability of securities firms rose during the period, defying their expectations the previous quarter of a marked decline. While banks saw profitability rise at its sharpest rate since September 1994, they expect a marked slowdown in growth of profitability over the coming three months.

## Low inflation hopes cheer Clarke

Signs of low inflation in the pipeline and steady but not surging sales on the high street helped take the pressure off the Chancellor of the Exchequer to agree to a rise in the cost of borrowing after tomorrow's meeting with Eddie George, Governor of the Bank of England, writes Diane Coyle.

Although a majority of City analysts still expect Mr George to advise higher interest rates, financial market sentiment has swung in favour of the view that Mr Clarke can probably keep them unchanged before the election.

The pound fell more than a penny against the German Mark yesterday after the publication of figures showing prices charged at the factory gate rose by only 1.7

per cent in the 12 months to December. This was the lowest rate of output price inflation since October 1986.

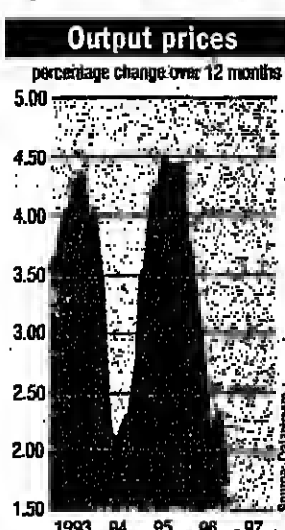
Prices manufacturers pay for materials have fallen by nearly 6 per cent during the past 12 months, helped by the strength of the pound.

Separately, a survey of high street sales by the British Retail Consortium showed that retail spending grew last month at a slower pace than during October and November. A flurry of Christmas trading statements from retailers confirmed that most had recorded strong but not booming sales. However, a report published today by research group Income Data Services notes signs that higher inflation is starting to affect pay awards.

Mixed evidence on the state of the economy during the past week has given Mr Clarke useful ammunition against the Bank of England's preference for a tougher policy. "It would be one of the most surprising moves of the year if the Chancellor raised rates this week," said Simon Briscoe, an economist at Nikko Europe.

Boots yesterday confirmed other retailers' comments when it said Christmas sales were slow through December until a final surge in the last few days. Announcing a 6 per cent increase in Christmas trading on the same period last year, Boots chief executive Lord Blyth said the performance was "satisfactory overall".

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## Lloyds victory puts Gehe ahead of Boots

Magnus Grimond

Gehe, the German pharmaceutical distributor, yesterday consolidated its hold on Britain's high street pharmacies after it emerged victorious from its long-running battle for Lloyds Chemists.

Victory was handed to the German group, which raised its offer to £684m on Friday, after rival bidders UniChem bowed out of the fray, saying it would not increase its own offer. The announcement allowed Gehe to swoop on over 57 per cent of Lloyds' shares, taking its holding and acceptances to a commanding 78.4 per cent. UniChem, which netted a profit of around £3m selling its near 10 per cent stake in Lloyds to Gehe yesterday, saw its shares jump 13.5p to 269.5p on relief that it had decided not to top the new bid, which has been recommended by the Lloyds board.

Gehe will now own one of the largest chains of pharmacies in the UK. Lloyds' 900-odd outlets, added to the 360 outlets in its existing AAH group, will create a new chain of over 1,200 chemists, just ahead of Boots, hitherto the market leader. The group will command around 33 per cent of drugs distribution to independent chemists, a couple of percentage points ahead of UniChem.

Dieter Kammerer, Gehe's chairman, said he could not reveal full details of his plans for the new group ahead of a meeting with Lloyds management tomorrow. But he said the first task would be streamlining the two organisations, particularly the distribution network, which largely duplicates the one belonging to AAH. This would be "straightened out pretty fast", he said, and could involve redundancies, although they would not be on a large scale.

## Airbus partners may pay BAe in deal to create single company

Michael Harrison

British Aerospace is in line for a substantial payment from its Airbus partners after they agreed yesterday to pool production facilities and maintain their shareholdings at existing levels when the consortium converts into a single commercial company in 1999.

The agreement to transfer manufacturing operations into the new company along with engineering, testing, procurement and customer service activities is a crucial first step on the road to the restructuring of Airbus.

A binding memorandum of understanding signed yesterday by the four partners will enable Airbus to operate as a fully commercial entity as opposed to the sales and marketing organisation that it presently is. But the pooling of production assets is likely to lead to financial com-

pensation being shared out among the partners.

BAe, which makes wings for the Airbus family at its Chester plant, has a 20 per cent stake in Airbus. Aerospaciale of France and Daimler-Benz of Germany each have 37.9 per cent and Casa of Spain has 4.2 per cent.

However, BAe is likely to argue that the efficiency and profitability of its own Airbus facilities will make them worth more than 20 per cent of the equity when Airbus converts.

Rather than fiddle with the existing shareholdings, the partners will determine respective valuations for the assets each company is contributing. The Belgian arm of accountants Price Waterhouse is conducting an audit at all four Airbus partners with the aim of drawing up a pro-forma set of accounts by the end of the year.

This is likely to lead to com-

pensation being paid. One estimate is that BAe could be in line for payments worth up to £400m. An alternative would be to adjust the basis on which Airbus shares out profits. Because BAe did not join the consortium until the early 1980s after the Airbus A300 had already been launched it does not receive one-fifth of annual profits. The profit sharing formula could be amended to take account of the differing assets contributed to the new entity.

The assets to be contributed and their valuation will be decided by the end of 1997, Airbus said. The other tasks to be completed this year include drawing up a new management structure and deciding where the company will be registered. The four partners will also have to resolve the tax implications of converting to commercial status.

There had been reports that the French were less keen than the British or Germans to transfer production facilities into the new company. But industry sources rejected this, suggesting Aerospaciale's main concern was not with the principle of pooling assets but with the timing of it, being anxious to ensure it did not happen until its merger with Dassault was completed. "The MOU signed by the partners is a very good compromise which satisfies everyone," said one source.

The restructuring will enable Airbus to overhaul its efficiency levels and procurement policy in a move that is likely to result in several thousand job losses across Europe.

Airbus will also be able to tap world financial markets for funding for projects such as the 600-plus seater A3XX super-jumbo.

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Index	Close	Week's chg	Change (%)	1996/97 High	1996/97 Low	Yield (%)			
FTSE 100	4056.60	-32.9	-0.8	4118.50	3632.30	3.84			
FTSE 250	4507.80	+14.2	+0.3	4568.80	4015.30	3.48			
FTSE 350	2021.30	-11.4	-0.6	2043.80	1816.60	3.76			
FTSE SmallCap	2224.64	+45.6	+2.1	2244.36	1964.06	3.02			
FTSE All-Share	1996.91	-7.1	-0.4	2013.66	1791.95	3.70			
New York	5703.79	+159.7	+2.8	6703.79	5032.94	2.03			
Tokyo	17303.65	-2057.7	-10.6	22666.80	17303.65	0.861			
Hong Kong	13191.60	-31.3	-0.2	13630.95	10204.87	3.151			
Frankfurt	2933.39	+74.1	+2.6	2933.39	2253.36	1.581			
Statistics as of 13 January									

INTEREST RATES									
UK interest rates					US interest rates				
Benchmark yield curve 0-30 year gilt (%)					Benchmark yield curve 0-30 year bond (%)				
All yields are nominal conventional					Source: Merrill Lynch				
Money Market Rates					Bond Yields *				
Index	1 Month	3 Year	Medium Bond (%)		Year Ago	Long Bond	(5) Year Ago		
UK	6.06	6.94	7.64	6.48	7.73	7.46			
US	5.47	5.88	6.64	5.76	6.88	6.17			
Japan	0.34	0.41	2.45	2.99	-	-			
Germany	3.09	3.06	5.92	5.91	6.79	6.72			
*Benchmark & Indices									
MAIN PRICE CHANGES									
Rises - Top 5		Prices (p)	Wk's chg	Wk's chg (%)	Falls - Top 5		Prices (p)	Wk's chg	Wk's chg (%)
Britt. Borneo Ports		1021	232	29.4	Amos		623	135	17.8
Calm Energy		485.5	70.5	17.0	Inspec Group		186.5	27	12.6
Firstbus		228	26.3	13.0	RMC Group		903.5	94	9.4

# CURRENCIES

Pound vs.

	Close	Week's chg	Tr. Yr
\$ (London)	1.6803	-1.15c	1.5472
\$ (New York)	1.6830	-0.65c	1.5465
DM (London)	2.9617	+2.66p	2.2289
¥ (London)	194.772	-11.815	162.575
£ Index	961	+0.3	83.3

Dollar vs.

	Close	Week's chg	Tr. Yr
£ (London)	0.5951	+0.40	0.6463
£ (New York)	0.5942	+0.23	0.6466
DM (London)	1.5841	+2.66p	1.4407
¥ (London)	115.915	-10.285	105.080
£ Index	99.0	-0.1	94.6

## OTHER INDICATORS

Index	Close	Week's chg	Tr. Yr	Index	Close	Week's chg	Tr. Yr
Oil Brent	24.42	+0.43	17.41	RPI	153.9	+2.70c	149.8
Gold \$	359.30	-3.90	399.20	GDP	108.9	+2.30c	105.7
Gold £	213.83	-0.85	258.01	Base Rates	6.00pc	6.75	

سكنا من الامل



C&W plans to pay off senior staff

Chris Godsmark

There could be no better illustration of the need for proper independence for the Bank of England, and the sooner the better



COMMENT

# Monetary policy need not be a political football

As if Eddie George, Governor of the Bank of England, doesn't have enough on his plate already, it seems that he now has to answer to the Labour Party too on monetary policy. According to Labour officials, if he doesn't crack the whip in the run-up to the election, thus embarrassing his present master, Kenneth Clarke, he won't get much of a hearing from Labour for his case for an independent Bank of England. So much for any remaining hope of a non-political monetary policy. The Chancellor wants the Governor to do as he can, but as tight as possible. It scarcely needs saying that both are motivated primarily by political advantage.

Which makes the Chancellor's meeting tomorrow with Mr George a more than usually interesting one. Mixed signals on the economy provide the Chancellor with the perfect excuse for relaxing the strict monetary diet. It will be difficult for Mr George to insist on a tough regime during the next few months without appearing to be meddling in politics himself.

There could be no better illustration of the need for proper independence for the Bank of England, and the sooner the better. The present arrangement of publishing the minutes of the meeting several weeks later does not insulate interest rate decisions from political considerations. Labour's gimmick of setting up a monetary policy committee to give secret advice would be not, as proposed, be much of an improvement either. Interest rate calls are a matter of judgement,

and a clever Chancellor can always make his decision look reasonable, especially if the committee is divided in its advice.

Mr Clarke would be well advised to surprise the City with a rise in interest rates this week. To keep inflation below 2.5 per cent he must react to mixed signals, and not wait until every last indicator points to higher prices before he acts. But what he should do and what he will do are not necessarily the same thing. If he decides against a rate increase he will be aided by the fact that many, perhaps most, City economists do not take the inflation target seriously. They want the instant gratification of faster growth. Many of these analysts were arguing yesterday that there is no need for base rates to rise now because the futures market is expecting only a one percentage point increase before the end of the year.

If we already had an independent Bank of England, the level of base rates would be a bit higher than they are now, but long term interest rates would be lower. There would be less risk of a short-term inflationary binge, and a much greater chance of the sustainable growth Mr Clarke says he wants.

## The long arm and big nose of Mr Van Miert

There are, it seems, very few things in this world beyond the reach of Karel van Miert, the European Competition Com-

missioner. If it is within his jurisdiction to veto the merger of two American aircraft manufacturers, then you can bet that the alliance between British Airways and American Airlines was always going to fall comfortably within his writ.

So it is that Ian Lang, who as President of the Board of Trade is minded to let the alliance proceed, has been sent the Brussels equivalent of a threatening lawyer's letter. Approve this deal as it stands and we'll see you in the European Court of Justice, is the gist. There is a precedent for this sort of Euro interference in the shape of the extra conditions that BA was forced to submit to when it swallowed up British Caledonian a decade ago.

On this occasion BA expected to be cleared without Brussels' intervention, particularly as the deal has already gone through the hoops at the Office of Fair Trading and is about to be crawled all over by the US Justice Department. Mr van Miert has other ideas. He believes that the alliance constitutes abuse of a dominant position, that the conditions imposed by the OFT are nowhere near sufficient and that, in any case, it would be illegal for BA to sell the take-off and landing slots it has been told to give up.

Strong stuff. But does Mr van Miert really have the right to poke his nose into what is essentially a domestic affair affecting US and British consumers? If Mr van Miert's complaint was that the alliance

undermined competition across Europe then he would have a case.

But that is not his argument. Indeed, if anything, it will probably improve the lot of air travellers on the Continent by providing greater competition for other national flag carriers.

His argument instead is that it will harm the lot of UK and US passengers. If that is the case he needs to explain why he allowed through other such alliances involving the likes of Lufthansa, KLM and Sabena without so much as a raised eyebrow. The reality, as usual, is that the regulators in Brussels are playing catch-up and what better subject to cut their teeth on than BA, particularly when the airline and the Government had made it plain they thought it none of Mr van Miert's concern.

If he must intervene, then he has an obligation at the very least to re-examine all the other alliances so far agreed. Preferably, however, he should keep his nose out.

## Tories find time for an alpine conference

For an event which boasts that some companies rearrange their board meetings so that senior executives can attend, the World Economic Forum annual conference in Davos, Switzerland, is sometimes more instructive for those not going than those who are. Billed as Europe's premier busi-

ness networking conference, few of those in a position to hitch their wagon to the international conference circuit miss it gladly, for with its alpine setting and none too taxing schedule, it is generally thought a bit of a peach.

So who's not going this time? Quite a lot of the Middle East for a start. The conference coincides with Ramadan, the annual Muslim month of fasting. There's no one from our government in waiting, New Labour, either, which given that the conference is to be attended by three Cabinet members, might seem a bit curious. Tony Blair, who was invited, has written back to say he cannot attend because of uncertainty over the election date; he doesn't want to interrupt his "campaigning schedule". Gordon Brown, the shadow chancellor, apparently isn't interested in the conference themes of globalisation and the worldwide IT revolution either. He hasn't replied, anyway.

And what of the existing Government? Can it, any more than Tony Blair, afford to miss out on a campaigning opportunity? A cynic would say that the answer lies with a Government that knows its number is up and therefore doesn't actually have a lot of work to do.

That and the not unrelated issue of job prospecting, for which there is plenty of opportunity at Davos. New Labour have big jobs to look forward to; the present lot must already be focused on other things.

# £395m Freemans sale fails to boost Sears

Nigel Cope

Liam Strong, the beleaguered Sears chief executive, moved to placate disillusioned investors yesterday when he announced the sale of the group's Freemans mail-order business to Littlewoods for £395m. He also promised to use the proceeds to return £410m to shareholders in six months time in the form of a special dividend or share buy-back.

However, the move failed to impress the stock market where Sears shares remained unchanged at 88p. The sale price was below market expectations and analysts still predicted that Mr Strong would be replaced and that Sears was a candidate for break up. "Sears will have £400m sitting in the bank in the short term during which they will be extremely vulnerable to a bid," said Nick Bubb at MessPierson. "There won't be a long term."

The Freemans deal will see Sears take a £220m goodwill write off which will force the group into a £165m loss in the current year. It will be the second substantial loss in consecutive years.

If the deal receives approval from shareholders it will signal the first move in a long awaited shake-up of Britain's sleepy £5.5bn agency mail-order industry.

It is the most significant acquisition in Littlewoods' 70-year history and will make the privately owned group a powerful rival to market leader Great Universal Stores with an almost identical share of 24 per cent.

The integration of the two businesses is likely to see hundreds of job losses at Freemans locations, which include a London head office, a warehouse in Peterborough and call centres in Sheffield and Orpington.

Freemans has 3,000 staff compared with 10,000 at Littlewoods home shopping.

Littlewoods would not be drawn on possible redundancies but said it hoped to make annual cost savings of £25m after three years on distribution, sourcing and marketing.

Littlewoods is funding the deal largely through new banking facilities. Though gearing will be around 58 per cent, corporate strategy director Chris

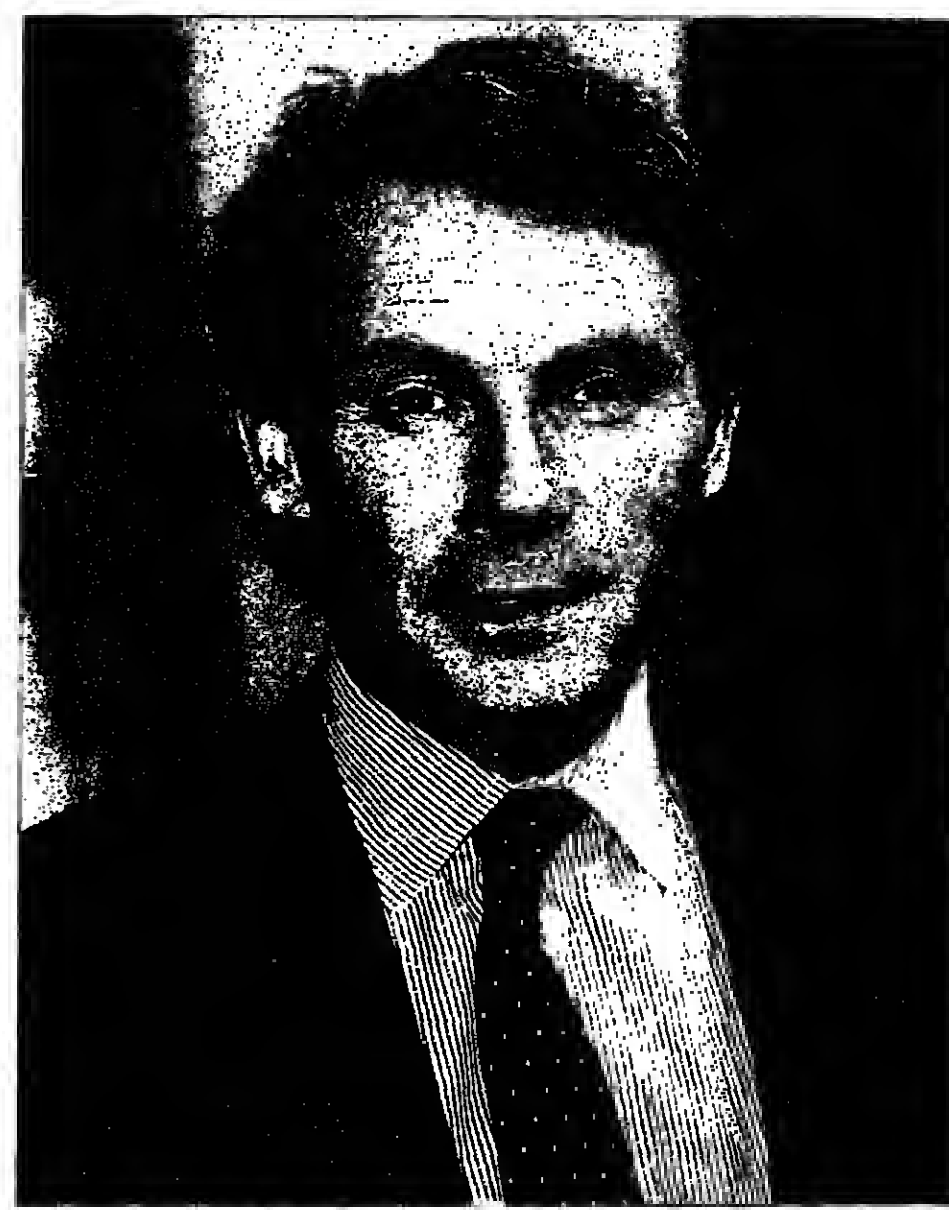
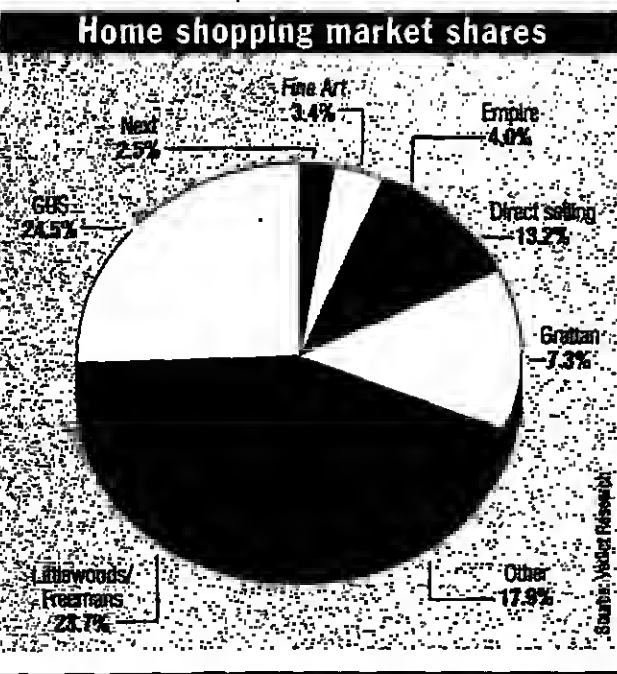
Baker said the group was not financially stretched and could afford other deals.

Freemans made trading profits last year of £38m but this year's profits are expected to be substantially lower.

Littlewoods said it would retain the Freemans brand name and build up its direct sales business. It is not taking The Source, a high street housewares format which was part of the Freemans group. Sears will now either seek a buyer for the stores, or a joint-venture partner.

The move signals a more aggressive approach by Littlewoods under new chief executive James Ross, who joined from Cable & Wireless last year. Earlier this week Bob Willett resigned as managing director of the stores division and Littlewoods said it was halting the stores' expansion plan to concentrate on mail order. The new head of the store division is Mike Wynne, who used to run Littlewoods' international division.

A Christmas trading statement from Littlewoods yesterday revealed that the high street stores were the weakest performer with like-for-like sales up by just 3.4 per cent. The index catalogue shops recorded a 6.6 per cent gain. Sales at the home shopping division were up by 12.6 per cent.



A weak position: Liam Strong, beleaguered chief executive of Sears. With £400m in the bank in the short term after Littlewoods bought Freemans, 'there won't be a long term'

# Japanese shares rebound boosts markets

Magnus Grimond

Japanese shares yesterday clawed back some of the dizzying falls sustained over the last week in the biggest one-day gain for the market seen for 18 months. The rebound dragged up Asian markets, while London jumped to within a few points of its all-time high on receding fears of an imminent rate rise.

A switchback session for Tokyo saw shares slip close to the psychologically important 17,000 level in early trading only to reverse that with a storming 1,100 point rise at one stage on short covering.

The Nikkei index eventually closed 815.14 points ahead, or 4.71 per cent, to 18,118.79, offsetting part of the 2,142.35 point fall over the previous four trading days.

Japanese investors, suffering from historically low interest rates, have fled to other markets for better returns on their money. On Friday alone, the index slid 770 points, the biggest drop since January 1995. Keiko Kondo, a strategist at Merrill Lynch Japan, attributed the rebound to bottom-fishing. "Since last week's fall was so sharp, the index [at current levels] looked attractive and bargain-basement emerged." But he cautioned that the market could again be hit by companies taking profits on shareholdings ahead of corporate book closings at the end of March.

Analysts called the rebound technical, however, and said it did not signal any major reversal of the bearish trend, adding that the market was still gripped by worries about the economy and the health of some financial institutions.

This analysis was at odds with the futures market, where March contracts briefly surged nearly 1,000 points before closing at 18,134, up 980 points.

Rumours that the government was preparing to step in to support share prices were quashed, but there was evidence of damage limitation. Shoichiro Toyoda, chairman of the powerful business lobby Keidanren, said: "Although there is not much confidence in the economy, I don't think the conditions at the moment are bad."

Asked about recent weakness in the stock market, Mr Toyoda said he was worried about the price falls, but added that movements in stock prices did not necessarily coincide with those in corporate earnings.

Meanwhile, the Prime Minister, Ryutaro Hashimoto, was reported as saying that Japan's economic policy should not be formed only by looking at current stock prices, while other government sources said they did not expect the economy to be hurt by the stock market's weakness.

The Tokyo bounce, coming on the back of Friday's rally on Wall Street, saw several European stock markets close at record highs yesterday. In London, the FTSE 100 index broke through the 4,100 level, ending 50.7 points ahead at 4,107.3, just short of the all-time high of 4,118.5 struck on New Year's Eve.

Wall Street followed Friday's record by rising further in morning trade, but the Dow Jones was up only around 10 points as European markets closed.

Market Report, page 17

# Europe set for £32bn of state sell-offs

Peter Rodgers  
Financial Editor

European governments will sell a record £53bn (£32bn) of state assets in 1997 compared with £43bn last year as they rush to reduce debt interest payments to improve their chances of qualifying for monetary union, according to a report by JP Morgan Securities.

Over the next three years, \$118bn of companies and other assets are expected to be privatised, more than half the total since the state sell-offs began in 1977, according to the investment bank's annual privatisation report. An acceleration of privatisation aimed at improving the national accounts of potential EMU members is likely to reinforce fears that the single currency project is being rushed through too fast and that accounts are being massaged to qualify.

Although some of the higher level privatisations in 1997 will be due to slippages from last year, JP Morgan said the increase was to a great extent a reflection of the urgency to complete some of the privatisation programmes ahead of EMU.

The proceeds from state asset sales are one-off items and

do not count directly towards the Maastricht criteria for budget deficits.

However, the cash income does reduce government debt service costs, so indirectly helps spruce up the national accounts. JP Morgan said: "We believe European governments may feel under increasing pressure to accelerate their privatisation programmes to place themselves on track to meet the Maastricht 3 per cent deficit criterion."

Lower debt servicing payments were particularly important for France, Italy, Spain and Sweden.

The investment bank added that some countries were also employing one-off operations to bring down their deficits, such as the payment to the French government by France Telecom for assuming the state company's future pension liabilities. This is expected to reduce the French government deficit by 0.5 percentage points.

The report said other countries were relying on lower transfers to state-owned corporations, offset by higher government guaranteed borrowing, which does not count against the Maastricht debt criterion.

The Maastricht Treaty sets a

maximum deficit of 3 per cent of gross domestic product while total government debt must not exceed 60 per cent of GDP.

JP Morgan said Italy stood out as having the most ambitious privatisation programme for 1997, at close to \$20bn, or 37 per cent of the European total.

France is second, accounting for 20 per cent of privatisation revenues, followed by Spain and Germany.

The UK, having largely completed its privatisation programme under the Tories, is at the bottom of the league with no sell-offs predicted over the next three years.

# Whitbread suffers post-Christmas chill

Tom Stevenson

Whitbread shares missed out on the FTSE 100 party yesterday after the brewing and leisure group warned that its profits margins had taken a hit over the Christmas period. Despite a 50.7 point rise in the index of leading shares, Whitbread shares fell 21.5p to 740p.

"The trading pattern was a slow pre-holiday period followed by a strong Christmas week although bad weather affected new year sales, especially in the South and East," Whitbread said.

One analyst said the fall was an overreaction to a margin hit which probably only cost the company £3m in lost profits, but he added that the warning had precipitated the first downgrade in profits at Whitbread in more than 18 months and would continue to affect sentiment.

Whitbread is understood to have taken on temporary staff in

its food operations to cover the busy Christmas period and been hit by the effects of the recent cold snap which meant the increase in costs was not offset by a commensurate rise in sales. There had also been a shift to large 24hr multi-packs of beer which sell at a bigger discount.

According to analysts the move was an effort by Whitbread to force some brokers to rein in their expectations of about £330m pre-tax profit for the year to February to a more realistic £320m. The result will be the last before chief executive Peter Jarvis hands over the reins to David Thomas, currently the head of Whitbread's restaurants and leisure arm.

There was some surprise that reported strong trading in the Whitbread Inns managed pubs operation, and from Marriott Hotels, Travellinn and David Lloyd Leisure, had not been enough to offset such a small decline in margins.

# Tomkins shoots down buy-back proposals

Tom Stevenson  
City Editor

Greg Hutchings, chief executive of Smith & Wesson to Hovis conglomerate Tomkins, yesterday poured scorn on recent calls for the company to hand money back to shareholders via a share buy-back or special dividend. He called on investors to focus instead on another half year of record earnings and dividends with Tomkins' latest acquisition, US automotive hose maker Gates, making a promising start since its acquisition last July for £750m.

Mr Hutchings said that giving money back to shareholders would be the Tomkins' hands on any large acquisition because its currently poor market rating meant that it was forced to pay for deals with cash. He said the company was looking to make an acquisition of between £1bn and £2bn, although any deal

would probably not be within the next year, given the amount of management time being spent on integrating Gates.

With Tomkins' shares rated at a sizeable discount to the market, because of its association with the unfashionable conglomerates sector, it cannot buy other companies with its shares and so needs to conserve its £370m cash pile. Even with its cash reserves, an acquisition of the proposed size would mean borrowings almost matching shareholders funds, a level at which investors become nervous.

Mr Hutchings added that Tomkins was generating a return on the capital it employed of almost 19 per cent compared with the cost of those funds of only between 10 and 12 per cent. In those circumstances, he said, giving money back to shareholders would destroy rather than create shareholder value.

He was speaking as Tomkins announced profits for the six months to October of £168.8m, an increase of 33.9 per cent on the comparable period in 1995.

As well as a £20m operating profit contribution from Gates, profits were boosted by the latest period covering 27 weeks rather than the usual 26, and by the strength of the pound increasing the value of dollar profits.

Mr Hutchings said: "The integration of Gates is proceeding well and we are delighted by the quality of its operations. Tomkins is in excellent shape and we look forward to delivering another encouraging performance in the second half."

Tomkins said its record first-half figures were the 13th successive rise in earnings per share since 1984. During that period Tomkins has averaged a 25.6 per cent compound rise in EPS, compared with an average of only 9 per cent for UK companies.

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## Tomkins finds big is still beautiful

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Greg Hutchings, chief executive of huns-to-guns conglomerate Tomkins, looks more and more like a laid back Californian as his hair heads towards his shoulders but he was on a short fuse yesterday discussing the City's persistent refusal to recognise his company's achievements and potential.

Twice a year Tomkins wheels out an impressive set of data to back up its argument that, despite the range of its products from Hunter wellies to Smith & Wesson handguns, from loaves of bread to hives, it is no Hanson or BTR and should not be rated as if it were. To an extent, investors have cottoned on and Tomkins shares have outperformed the diversified industrials sector by 45 per cent over the past three years. Against such a dismal backdrop, however, that does little to distract from the fact that the shares trade on a sceptical multiple of earnings.

Figures for the half year to October were flattened by an extra week compared with last year and boosted to an extent by the strength of the pound especially against the dollar, but they were yet another very impressive performance, with earnings per share up 18 per cent and a 13 per cent rise in the dividend completing an unbroken sequence of increases since 1984.

The figures were another snub to cynics who questioned the Ranks Hovis McDougall acquisition five years ago and suggested that the latest big purchase, of automotive hose maker Gates, is going to be a much quicker and easier integration than the bread maker. It is proving a long education process but analysts are finally getting the message that, despite its apparent rag-bag of businesses, Tomkins really does have a focus — on manufacturing.

The City is quick to call on Tomkins to bend to the latest business school fashion and the company doggedly refuses to be swayed by the argument. Its refusal to follow Hanson down the break-up path has been vindicated by the failure of that demerger to create any shareholder value and the latest refusal to hand money back to shareholders has more than a ring of common sense about it.

Tomkins reckons it generates a return on its capital of getting on for 20 per cent compared to the cost of that money of between 12 and 13 per cent. Plainly there would come a point when its share price were so depressed that a buy-back was the best use of the company's £370m cash pile, but it is not now. The restrictions it would place on any cash-funded acquisition would be unacceptable.

Tomkins problem is that, despite the steadiness of its earnings growth, the scale of the rise is so pedestrian. Prof-

its of £425m in the year to April would imply an 11 per cent increase and the forecast for the following 12 months is even less exciting. A p/e ratio of 12 is harsh but does not represent a massive valuation anomaly. Solid value.

## Ellis &amp; Everard finds its focus

Chemicals group Ellis & Everard went through a torrid patch in the early 1990s. Profits took a hammering after an ill-judged diversification into so-called performance chemicals like cleaners and aerosols had to be reversed. But the group is now back, firmly focused on its profitable niche of buying bulk chemicals from large manufacturers, breaking them down into smaller lots and selling them on to around 60,000 customers, large and small.

Profits have begun to motor in the last few years, with the last of the under-performers being ditched in 1995, and this year looks set to continue the trend. The pre-tax figure grew a fifth to £15.6m in the six months to October

and full-year forecasts were being nudged up close to £30m yesterday. The shares, unexciting performers in recent years, put on 9p to 312.5p on the news, taking them to within a few pence of their all-time high.

That looks fully justified by the potential. The group tends to find the going harder in periods of deflation, so the latest figures are impressive given the overall price reduction of 6 per cent in the period and as much as 20 per cent in areas like polymers. Strong positions in both its traditional markets in the UK and the US, into which it moved 15 years ago, means Ellis is winning business from customers like Procter & Gamble and Unilever who are focusing their supply requirements on a smaller number of larger players. This, alongside moves to widen and build the product base into areas like surfactants, food chemicals and solvents, helped send volumes 7 per cent higher in the latest six months, offsetting the price erosion.

The prospects for more of the same look good. Ellis is market leader in the UK in distributing commodity chemicals like caustic soda, nitric acid and phosphates with a market share of around 30 per cent. But there should

still be plenty of scope for expanding the speciality chemical side, while its US share remains a minimal 2 per cent despite being the fifth largest operator there.

Strategic advantage is enhanced by its strong environmental position, while the strong pound, if continued, will slice only around £600,000 from translation of second-half figures. On a forward p/e of 14, the shares are good value.

## Seasonal cheer for Next

Next is very much in the Marks & Spencer camp when it comes to Christmas trading statements. Both believe that brevity is a virtue and yesterday's effort from Next ran to all of three sentences. But when your numbers are as good as these no one is going to worry.

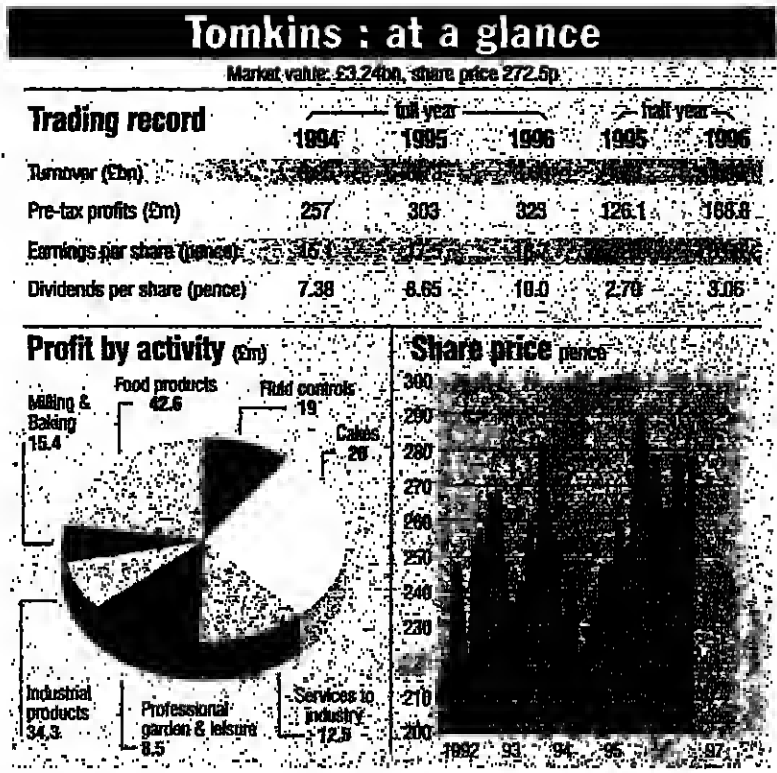
Next clearly enjoyed a very merry Christmas with combined sales in the 24 weeks to 11 January up 16 per cent on the same period last year. Star performer yet again was the Next Directory catalogue, where sales were 26 per cent higher. The stores also showed good growth with sales up 14 per cent on selling space 5 per cent higher.

But shareholders who have beamed with pleasure as they have watched the meteoric growth of Next shares in the last six years will always ask the same question. Have I had the best of the run and should I bail out? Probably not.

For some observers the outstanding success of the Next formula remains something of a mystery. The shops always look busy but not *that* busy. And the merchandise is good, but is it streets ahead of rivals? Figures like this suggest consumers think it is.

Can Next keep it up? Next Directory still has plenty of scope for growth though it will not be able to deliver 26 per cent increases every year. The market may get more competitive with the Littlewoods deal with Freemans consolidating the industry. But Next is well advanced with the direct approach to mail-order selling that rivals are only just beginning to copy. For both the high street stores and the directory, the strength of consumer spending and the coming building society windfalls will benefit retailers with strong brands like Next.

Yesterday's numbers were good enough for analysts to leave their full-year profit forecasts unchanged at £157m. With the shares up 12.5p to 541.5p yesterday they traded on a forward rating of 18. Not cheap but still worth holding.



## Hilton Hotels reunited after 32 years

Tom Stevenson  
City Editor

Peter George: No intention to merge Ladbroke and Hilton Hotels of the US, but I'm not ruling it out

Ladbroke and Hilton Hotels of the US signed a co-operation agreement yesterday that will reunite the Hilton brand for the first time in 32 years. The deal was first mooted last August.

The deal creates a world-wide marketing alliance for the 400 Hilton hotels in 49 countries which have operated under different control within and outside the US since 1964 when Hilton International (HIC) was spun off from Hilton Hotels. Ladbroke acquired HIC in 1987.

Peter George, chief executive of Ladbroke, said all options, including a takeover of Hilton by Ladbroke, had been explored over the past year. For a variety of reasons, including tax complications, however, it had been decided that the best way forward lay in a marketing, customer loyalty and reservations co-operation between the two companies.

He said: "There is no hidden agenda. There is no intention to merge and last year we did look at every option. But in the fullness of time who knows? I'm not ruling it out."

The companies said that the deal covering sales and marketing, loyalty programmes and development would fuel sales growth and dispel the confusion that has surrounded the two groups in recent years.

The details of the deal unveiled yesterday allow for a 20-year agreement between the two companies, twice as long as envisaged last summer when the proposal was first announced. Another significant change was the decision by the companies not to invest in the actual hotel assets owned by the other party to the agreement.

The deal allows for both sides to take a stake of up to 20 per cent in the other and yes-

terday Stephen Bollenbach, president of HHC, said it was the American company's intention to acquire a 5 per cent holding in Ladbroke in due course. If that stake came in the form of new shares it would represent a cash inflow of more than £130m for Ladbroke, but the stake could also be bought in the market.

Mr Bollenbach will join Ladbroke's board and Peter George is to be appointed as a non-executive director of Hilton Hotels.

The implementation of the sales and marketing elements of the alliance will be overseen by three jointly owned companies with responsibility for promot-

ing Hilton as a uniform brand world-wide; operating the Hilton HHonors customer loyalty programme; and operating the existing world-wide joint reservation system.

The two companies have also cleared up an area of historical conflict by licensing the Conrad name to HIC for future development outside the US for a period of 20 years. Conrad, which has only 10 hotels in the chain, had been Hilton Hotels' vehicle for expansion outside the US and was the cause of legal dispute between the two.

The deal was welcomed in the City where benefits worth up to £10m a year have been pencilled in for Ladbroke.

## Ashquay bid goes to the wire

Patrick Toohy

The hostile battle for control of UK Estates went to the wire last night as Ashquay, which is bidding £21m in the Manchester-based property development group, sought to buy shares in the market to secure outright victory.

In a statement issued to the Stock Exchange last night after the final closing date for its offer had closed, Ashquay said that with the Takeover Panel's approval, it would announce the level of acceptances by midnight.

But the outcome looked too close to call after shares in UK Estates closed 0.75p higher at 28.5p, while Ashquay ended 0.5p better at 40p, valuing the bid at 30.8p. Ashquay is offering 10 shares for every 13 ordinary UK Estates shares.

Just minutes before the offer closed Ashquay said it would borrow up to £750,000 "on normal commercial terms" to acquire shares in UK Estates. The money will be borrowed from Close Brothers, a subsidiary of Close Brothers Finance, who are acting as financial advisers to Ashquay.

Ashquay is thought to have used the money to go into the market and buy a 3 per cent stake held in UK Estates by the Co-Op Bank. Sources familiar

with the bid said uncertainty about whether Ashquay would be able to secure registration of the Co-Op shares with the Takeover Panel had caused a delay in the outcome of the bid being announced.

Ashquay has already won over investors speaking for 38 per cent of UK Estates' ordinary shares and 16 per cent of its preference shares.

During the often acrimonious bid battle Ashquay sought to increase the pressure on UK Estates by sticking to yesterday's deadline as the final closing date for its offer. The Takeover Code had allowed for Ashquay to extend its offer until 27 January.

At one stage, Ashquay accused UK Estates' directors of having a "thorough disregard for shareholders' interests and of 'mismanaging the company'". It also highlighted UK Estates' administrative costs, which last year totalled £970,000, and the £330,000 UK Estates spent on shares for an employee benefit trust.

Last year pre-tax profits at UK Estates fell from £610,000 to £382,000.

But UK Estates rejected the offer, noting Ashquay is a smaller company with net assets less than half those of UK Estates. It also derided the lack of a cash alternative.

## Schroders error casts confusion over Cook bid

Patrick Toohy

There were red faces at Schroders yesterday after the City's leading independent investment bank admitted its fund management arm, Schroder Investment Management, had withdrawn acceptance of engineer Triplex Lloyd's hostile £58m bid for William Cook, the steel castings group, due to "a clerical error".

The withdrawal is all the more embarrassing because Schroders, whose corporate finance division is acting for Triplex Lloyd, has a policy of deferring decisions on takeovers until the last possible moment, whereas SIM inadvertently agreed to throw its 5.44 per cent stake in Cook behind the bid at the first closing date.

"It's unsatisfactory," said a source at Schroders. "There is some corporate embarrassment that a colleague has made a mistake."

Schroders insists the error came to light only after the unusually high level of acceptances for the Triplex Lloyd bid on the first closing date became known. "When they [SIM] realised they had made a mistake they let both sides know," the source continued.

But Schroders could not explain how the error came about. "As a matter of policy it should be inconceivable for this to happen," the source continued. Shareholders who do not wish to vote on a bid until nearer the offer deadline do not have to fill out any forms at the first closing date for acceptances.

SIM's withdrawal now means that just 0.39 per cent of William Cook's shareholders had accepted the Triplex Lloyd bid by New Year's Eve.

"I am glad shareholders are appreciating our strong arguments on value and prospects and how Triplex Lloyd's offer is derisory," said Andrew Cook, William Cook's chairman.

His comments, the latest in an increasingly heated war of the words, drew a stiff response from the Triplex camp.

"Andrew Cook knows perfectly well that the withdrawal of acceptances... is the result of one shareholder who accepted the offer due to a clerical error. Andrew Cook knows this because the shareholder in question wrote to explain this to the chairman of both Triplex Lloyd and William Cook. No other conclusion should be drawn from the withdrawal of the acceptance," a statement said.

Nevertheless, the episode is clearly a setback for Triplex Lloyd, who made much of the high level of acceptances at such an early stage of the bid. It also adds to the impression that the highly acrimonious bid, far from being the knock-out blow that many analysts assumed at the outset, will have to be increased if William Cook is to lose its independence.

That is certainly what the stock market is suggesting. Triplex Lloyd is offering 309p in cash and shares, with a cash alternative of 295p, but William Cook's shares closed at 360p, up 2.5p.

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
Cardiff Property (F)	1.08m (1.18m)	0.29m (0.25m)	7.7p (6.8p)	2.85p (2.75p)
Ellis & Everard (I)	322m (293m)	15.6m (13.0m)	11.8p (10.4p)	3.3p (3p)
PWS Holdings (F)	10.5m (12.1m)	0.75m (0.73m)	1.85p (1.82p)	0.85p (0.8p)
Sandwich (F)	0.24m (0.23m)	0.23m (0.03m)	1.69p (0.11p)	0.8p (-)
Tomkins (I)	2.15bn (1.73bn)	166m (126m)	8.8p (7.25p)	3.06p (2.7p)
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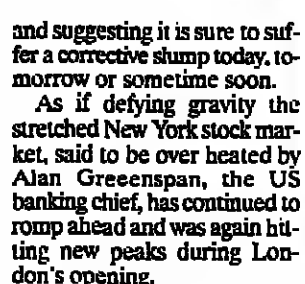
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## Data Bank

## Share spotlight



Tokyo's misfortunes in the past few days have made little impact; even so the overnight rebound was welcomed and added to the market's confidence.

tics and the mixed bag of festive trading statements combined to strengthen the belief interest rates are likely to remain unchanged after this week's Ken and Eddie meeting.

higher, its best one day gain since November, at 4,107.3, just 11.2 below its record level. Trading was again often hectic

## DEREK PAIN

with turnover, for the second consecutive trading day, topping 1 billion shares.

and the firming oil price. Weather forecasts pointing to some cold spells, particularly

Lasmo was again strong, up 7.5p to 251p. Cairn Energy

however, had its own agenda. Its latest deal with the Bangladeshi authorities lifted the shares 36p to a 521.5p peak.

On the generating front, National Power surged another 14.5p to 493p and

Festive trading statements had predictable impacts. A

ries about its cable build up, shaded 4p to 465.5p but Cookson, on Barclays de Zoete Wedd and NatWest Securities

❑ **Darby, a specialist glass group holding at a 117.5p peak, is trading well but remains a favourite takeover**

31, the investment group gained 3p to 498.5p, a peak, as Barclays, one of its original shareholders, sold its remaining stake, 2.1 per cent, at 490p. The £59m deal produced a £42m profit for the banking group.

Gieves, the clothing group, fell another 2p to 47p following its profit warning and criticism of its involvement in the Knickerbox lingerie chain.

France and the US FFG group are among the groups linked with Darby. Its interim profits emerged at £880,000 and around £2.25m is expected for last year. The current year could produce £3.5m.

☐ Tronbled Lionheart, being developed as a bathroom accessories company by new chief executive Mark Flatman (ex Concorde Textiles), has

Westmount, the oil explorer, rose 2p to 47.5p. It has pumped £344,000 into Desire Petroleum, seeking oil and gas around the Falklands, and placed 325,000 shares, raising £130,000.

(Le Courtaulds textiles), has attracted increased backing from Schroders. The investment group, perhaps averaging down, has picked up 4.6 million shares lifting its stake to 19.49 per cent. The price gained 0.5p to 8.15p.

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details:  $\Delta$  Ex rights  $\times$  Ex-dividend  $\times$   $\Delta$  Ex all  $\times$  Unlisted Securities Market  $\times$  Suspended

pp Partly Paid pm Nil Paid Shares. \$ AIM Stock Source: FT Information

## The Independent Index

UK Stock Market Report	01	Bullion Report	05	Water Shares	38
UK Company News	02	Wall St Report	20	Electricity Shares	40
Foreign Exchange	03	Tokyo Market	21	High Street Banks	41

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For assistance, call our helpline 0171 873 4378 (9.00am - 5.00pm).  
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[illegible]



business

# The bonds that tie low inflation to the information society

Is there a relationship between low inflation and the information society? Clearly something has changed in the last few years, for inflation has virtually disappeared in all the main developed countries. The headline figures for inflation at the retail level are in the 0-3 per cent range, but if you allow for improvements in the quality of output and the way people shift their patterns of purchase in response to changes in prices, you can argue that you should knock at least 1 percentage point off the published inflation figures. If that is right, several countries have already reached price stability and those that haven't are so close it hardly matters.

The most obvious products where prices are stable or falling are those connected with information technology: computers, telecommunications and the like. If you can't afford some equipment, wait a few weeks and it will be bound to be cheaper. As the graph below shows, in the UK the price of computers has fallen by one-third over the last decade - though because the weighting in the producer price index is only 1.3 per cent of the total (which seems astonishingly low) this has not done much to contain the rise in that index.

But, of course, the influence of the information age on the world economy goes far beyond the fall in the price of the kit. So it is an attractive notion to explore the nature of the link between information and inflation. This is the subject of a new paper by David Owen of Kleinwort Benson, the first of a series of long views into the future to be published by the bank.

His thesis runs like this. The development of information technology should be good for world growth and it will tend to go on holding down world prices. But it is one of the forces leading to growth in income differentials in the West, as it enables the people with the most marketable skills to sell their output to a wider global mar-

ket, while those with fewer skills find themselves competing against similarly skilled from lower wage economies. One obvious implication for investors is that inflation will stay low, and this will be good for fixed-interest investments.

It is certainly an interesting thesis, but is it right?

To some extent it must surely be valid. The fall in the cost of computer and telecommunications has a long way to run, for several reasons. These include the probability that the technology of computing will carry on advancing for another couple of decades, maybe longer; the fact that the full decline in the cost of telecommunications has already taken place but is still to be passed through to consumers; the inevitable lag in the sophistication with which we use the new equipment as it becomes available; and the likelihood that better communications will speed up technology transfers in unrelated areas of economic activity, so that good practice in each activity becomes more universally applied.

There is, almost certainly, also some relationship between the rise in income inequality that is taking place and the rise in the need for skills that the information age demands. A vast amount of work has been done on this, particularly in the US



**Hamish McRae**  
As more and more services are imported from lower-wage economies the downward pressure on costs will extend

but it remains very difficult to pin down with any precision the connection between the two. For example, the greatest surge in incomes in the US has been in the finance and legal industries, but these have been affected by the cult of the

celebrity rather than the need for information skills. True, in theory, the growth of a global media industry has enabled Hollywood film stars to distribute their output more easily to other countries and may have increased their earnings. But a Wall Street corporate financier or a New York lawyer is basically still selling his or her services to the US market. And some of the information technology that has been applied has enabled service industries to use lower-skilled people than they would have done.

What has, perhaps, had more impact on widening differentials is the spread of the market economy to low-wage countries, particularly in East Asia. That is, in part, a function of the information boom, but it is more the transfer of practical manufacturing know-how. A firm in China can buy as good a plant as one in North America, Japan or Europe - I think it will certainly help to do so, for three main reasons. The first is that it will become possible to import more and more on-screen services from lower-wage economies, so that the downward pressure on costs in things like consumer electronics will extend to a range of services, too. You can see this already with activities such as airline accounting being banded in Bombay, or software written in Bangalore.

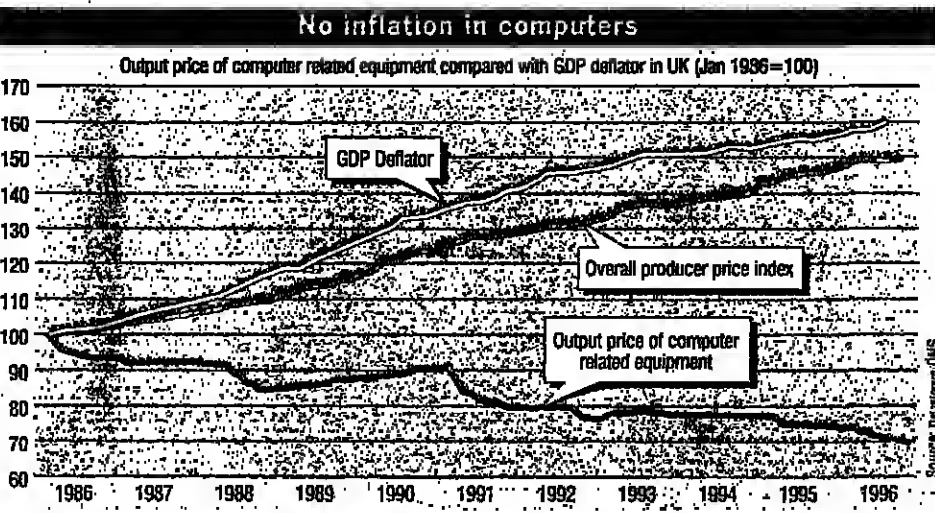
The second is that the power of the bond markets will be underpinned by the spread of good financial practice by governments around the world, and that spread will itself be encouraged by the increase in information about government behaviour. Governments are being "trained" by the markets to up their performance.

Finally, I suspect the West's ageing voters will become more favourably inclined to low inflation, and will be able to "vote" their preferences in a variety of ways: not just through the ballot box, but also through opinion surveys and most importantly, where they place their own savings.

where imports from East Asia are significant are quite limited. Aside from electronic consumer durables, toys, footwear and some other clothing, and limited imports of cars, the impact of East Asia on prices has been very small. Expect it to grow, but the fall in inflation so far must have other causes.

If, however, one defines the information age more widely to include the impact that the instant information has had on financial markets, then there has been one area where it has already exerted a powerful downward force on all prices: instant high-quality information has surely increased the power of the bond markets, and it is that power which has been the main reason why the inflation dragon has been slain.

Of course the really big question is this. Does the continuing development of information secure this collapse of inflation? I think it will certainly help to do so, for three main reasons. The first is that it will become possible to import more and more on-screen services from lower-wage economies, so that the downward pressure on costs in things like consumer electronics will extend to a range of services, too. You can see this already with activities such as airline accounting being banded in Bombay, or software written in Bangalore.



# When the spoon-bender met the soap star

## PEOPLE & BUSINESS

Uri Geller, the well-known spoon bender, has just signed up with William "Coronation Street" Roache's company Mambi, in order to market a board game which Uri claims will improve your psychic powers.

This is the first signing by Mr Roache, who plays Ken Barlow in the long-running northern soap. Mambi is seeking to raise £705,000 on the Oxfam market at the end of the month, to fund the development of more celebrity-related board games.

Uri tells me: "I've been roaming the world for the last 30 years demonstrating my (paranormal) powers on stage and in laboratories. I've always been interested in psychic games, but never thought about producing one until I met William Roache a year ago."

The two bumped into each other at a computer exhibition - Uri has his own web site.

"I don't watch soap operas, but I asked someone who was," Uri says. The spoon-bender was much keener to join a small "family" company than a large impersonal corporation.

Uri adds he can't decide whether to call the game "Psychic" or "Paranormalist" or something else again.

"The game will enhance people's ESP. I believe everyone has paranormal powers, they just don't realise it."

So when will the game be launched? Strangely for a man of such psychic powers, Uri doesn't know. "That's a technical question. You better ask the people at Mambi that." Hang on a minute, I'll just consult my crystal ball...

If you bear pounding rock music emanating from the offices of the normally staid City law firm Travers Smith Braithwaite, it will be because one of its finance lawyers, Neil Murray, has just released a second album.

Mr Murray is a rock musician in his spare time, and has teamed up with Mark



Paranormal power (from left): Uri Geller with Bill Roache and Brian Hicks, Mambi's finance director

Chris Roberts, president of PolyGram Classics and Jazz. He succeeds Roland Kornmeyer, who retired from Decca at the end of last year after 10 years as president.

Mr Lewis himself says: "I have watched with admiration how the Decca team have positioned the Decca/London/Oliver Lyde and Argo labels at the forefront of artistic, technical and marketing excellence and innovation."

After three years at Radio One Mr Lewis joined EMI in 1990 as director of its classical division. While at EMI he helped in the marketing of such popular collections as *Canto Gregoriano*, *The Best Classical Albums*, *Ever and Classical Moods*. In an echo of his Radio One career, Mr Lewis was also responsible for the *Transporting* soundtrack. EMI's best-selling new release last year.

One thing he won't want to dwell on, it was Decca, of course, that turned down the Beatles in 1962, leaving the way clear for the Fab Four to make staggering amounts of money for EMI, Mr Lewis's old company.

Mr Lewis will report to John Willcock

Millin of Slaughter & May (drums) and Kevin Donnan, recently of advertising agency Lowe Howard Spink (bass), who are collectively called The Hamptons.

The group has just released an intriguing CD titled *Ba Ba Ba Ba*. Appropriately enough it has a picture of two sheep on the cover. Sadly I haven't had time to listen to it, although one of my colleagues described Mr Murray's last recording, *Return to Malibu*, as sounding like "David Bowie imitating the Beatles".

Here's a selection of lyrics from the title song of the new album: "Ba ba ba ba / I'm not getting / Fa fa fa fa / We should be singing / La la la la / But all I get is / Ba ba ba ba ba ba ba ba ba!"

Remember, you heard it here first.

Roger Lewis, a former head of music at Radio One, has just been poached from EMI Records UK to become president of Decca Records, the London based music company. Perhaps Mr Lewis can be persuaded to sign up Mr Neil?

### Foreign Exchange Rates

Country	Spot	1 month	3 months	6 months	1 year
US	1.6003	1.6010	1.6015	1.6020	1.6025
Canada	0.6748	0.6750	0.6752	0.6755	0.6758
Germany	1.9363	1.9365	1.9368	1.9370	1.9372
France	1.9363	1.9365	1.9368	1.9370	1.9372
Italy	1.9363	1.9365	1.9368	1.9370	1.9372
Spain	1.9363	1.9365	1.9368	1.9370	1.9372
Japan	137.75	137.80	137.85	137.90	137.95
UK	1.5478	1.5480	1.5482	1.5485	1.5488
Switzerland	1.4548	1.4550	1.4552	1.4555	1.4558
Netherlands	1.9363	1.9365	1.9368	1.9370	1.9372
Belgium	1.9363	1.9365	1.9368	1.9370	1.9372
Denmark	1.9363	1.9365	1.9368	1.9370	1.9372
Sweden	1.9363	1.9365	1.9368	1.9370	1.9372
Norway	1.9363	1.9365	1.9368	1.9370	1.9372
Finland	1.9363	1.9365	1.9368	1.9370	1.9372
South Korea	1.9363	1.9365	1.9368	1.9370	1.9372
Hong Kong	1.9363	1.9365	1.9368	1.9370	1.9372
Singapore	1.9363	1.9365	1.9368	1.9370	1.9372

### Interest Rates

Country	Rate	Country	Rate
US	5.25%	UK	5.50%
Germany	4.50%	France	4.75%
Japan	5.75%	Canada	5.00%
Italy	5.50%	Spain	5.25%
Sweden	5.00%	Netherlands	4.75%
Belgium	4.50%	Denmark	4.25%
Switzerland	4.00%	Australia	3.75%
New Zealand	3.50%	South Korea	3.25%
Hong Kong	3.00%	Singapore	2.75%

### Liffe Financial Futures

Contract	Settlement	High/Low	Open
Long Gilt	100.00	100.00	100.00
Short Gilt	100.00	100.00	100.00
Long Euro	100.00	100.00	100.00
Short Euro	100.00	100.00	100.00

### Industrial Metals

Commodity	Price	Commodity	Price
Aluminum	1.50	Copper	1.50
Steel	1.50	Nickel	1.50
Zinc	1.50	Lead	1.50

### Precious Metals

Commodity	Price	Commodity	Price
Gold	380.00	Silver	10.00
Palladium	100.00	Platinum	100.00

### Other Spot Rates

Country	Spot	Country	Spot
Argentina	1.00	Nigeria	1.00
Brazil	1.00	Pakistan	1.00
China	1.00	Philippines	1.00
India	1.00	Portugal	1.00
Indonesia	1.00	Qatar	1.00
Malaysia	1.00	Saudi Arabia	1.00
Thailand	1.00	Sri Lanka	1.00
Vietnam	1.00	Turkey	1.00

### Money Market Rates

Rate	Rate	Rate	Rate
3 months	5.00%	6 months	5.00%
9 months	5.00%	1 year	5.00%

### Commodity Indices

Index	Value	Index	Value
Oil	100.00	Grain	100.00
Metals	100.00	Softs	100.00

### Energy

Commodity	Price	Commodity	Price
Crude Oil	100.00	Natural Gas	100.00

### Grain

Commodity	Price	Commodity	Price
Wheat	100.00	Corn	100.00

## Latest Unit Trust Prices

Unit Trust	Price	Unit Trust	Price	Unit Trust	Price	Unit Trust	Price
FT 100	100.00	FT 200	100.00	FT 300	100.00	FT 400	100.00
FT 500	100.00	FT 600	100.00	FT 700	100.00	FT 800	100.00
FT 900	100.00	FT 1000	100.00	FT 1100	100.00	FT 1200	100.00



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### One

Racing

12.40

12.40

12.40

### LEICESTER

12.40

12.40

12.40

### CARLISLE

12.30

12.30

12.30

### LINGFIELD

1.20

1.20

1.20







# Seeking Lions' share of success

ing pass to Dorsey Lewis, and as the game progressed so it was the quarterback's virtues that prevailed and, with Lewis contributing 205 yards, the back ran out 30-15 winners. It was the sweetest of triumphs for the fanciful fans of the NFL's smallest but oldest franchise, one that returns it to the Super Bowl for the first time since a certain Vince Lombardi was in charge, but nobody in Wisconsin was happier than *Figure himself*. "This is what we play our whole lives for," he said. ■ Bobby Ross, the head coach of San Diego until his resignation a fortnight ago, has taken charge of Detroit after agreeing



## Cricket

ment." Atherton's problems overshadowed an all-round performance more encouraging than almost anything produced by England in Zimbabwe.

Once Caddick had broken an opening stand of 48 by having Blair Pocock caught in the slips off a lifting delivery, success came at regular intervals. Atherton beld a spectacular catch in the gully to remove Parore after he had cut Silverwood. Craig Spearman dropped

**Falk:** 1-48 2-53 3-58 4-61 5-93 6-97 7-98,  
8-125 9-137.

**Bowling:** Cnr 1-7 4-22; Caddick 16-3 48-  
1; Silverwood 12-4 24-2; White 9-4 3-15 4-  
1; Tufnell 3-0 5-0.

**ENGLAND - First innings**

N V Knight c Parore b Morrison .....56  
M A Hammond lbw b Kennedy .....77  
J A Stewart not out .....40  
I R Caddick c Parore b Morrison .....77  
N Hussain not out .....100  
Extras (lb 42) .....6  
Total (for 3, 33 overs) .....106  
Falk: 1-39 2-94 3-106.

**batting:** P W, J P Crawley, C White, D  
G G, S H Silverwood, P C R Tufnell.  
Bowling: D G, J G, M Morrison 12-2-22,  
Kennedy 8-2-31, J. Vaughan 7-2-29 0, Wis-  
den 1-1, 22-0, Hastings 1-14-0.

**Martyn: Would have stayed had Palace been promoted last season** Photograph: Empics

thing. I want to sort something out before it gets to the point where I ask for a transfer."

The former Keighley coach Phil Larder has gone back to his old club to try to sign Nick Pinkney and Martin Wood for Sheffield Eagles. Salford have got back their Western Samoan winger Fata Sini after fearing they had lost him to rugby union. Sini had signed for Llanelli but is to return without playing a match. And the Oldham scrum-half Martin Crompton has applied

Hull Kingston Rovers have averted the immediate danger of closure by winning an administration order in court in Leeds. The club admitted to debts of £11m last week and were served with a winding-up order by the Inland Revenue over an unpaid tax bill of £250,000.

Edward Klempa, of financial consultants Coopers and Lybrand, also confirmed the club is solvent with assets of more than £2.5m. The crisis is born out of a cash flow problem and it will be looking to drip feed the £300,000 Television money to meet creditors' demands," he said.

## RICHARD TAYLOR

to be eligible for this round. Ify Oduora starts a four-match ban for his second sending-off this season, at Burnley last month, and Leo Fortune-West is still recovering from a broken leg.

Yet the manager, Tony Pulis, who is likely to pair Dennis Bailey and Steve Butler in attack, insists: "We are looking for another big cup result to get us going again in the league."

[illegible][illegible][illegible][illegible]

## TODAY'S NUMBER

# 6

The age in months of the new player-manager of a village football club in eastern Romania. Aurel Rusu, owner of the Sadcom team from Caragele, wants his son, Lucian, to become "a great player", so he decided to "introduce him early into sports".

SKI HOTLINE		Snow reports						
		Resort	Comment	Area open	Last snow	Lifts cm	Upper cm	Forecast
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		Grau Roudou.....	Fresh snow everywhere	100%	9.1	130	180	Clear skies
		Pas de Case.....	Lower runs much improved	100%	9.1	130	180	Sunny
<p><b>SKI SNAPSHOTS</b></p> <p>At-a-glance fax guide to snow conditions at 180+ resorts worldwide:</p> <p><b>0897 500 601</b></p>		<b>AUSTRIA</b>						
		Brinwald.....	Hard packed, icy patches	80%	4.1	10	60	Bright, cold
		Finkenberg.....	Very hard packed; icy	100%	4.1	5	70	Heavy cloud
		Palpinates.....	Hard packed, gritty top	100%	5.1	10	50	Colder, snow
<p><b>SKIFAX</b></p> <p>Where to find the best snow - by fax.</p> <p>Call SKIFAX - the ski facts:</p> <p><b>0897 300 301</b></p>		<b>CANADA</b>						
		Big White.....	Powder, machine groomed	95%	11.1	200	220	Cloud/sunny
		Les Lacdes.....	All types of powder	100%	11.1	110	165	Cloudy/snow
<p><b>SKICODES</b></p> <p>For a fax list of 180+ resort codes:</p> <p><b>0890 100 843</b></p>		<b>FRANCE</b>						
		Les Gars Alpes.....	Fresh snow everywhere	100%	9.1	80	280	Clear
		Les Gets.....	Dry, packed snow	95%	9.1	60	130	Sunny
		Les Menuires.....	Well prepared dry snow	95%	9.1	50	195	Sunny
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		St Moritz.....	Excellent early season	100%	7.1	65	210	Clear
		Vallée Blanche.....	Excellent packed powder	100%	10.1	50	110	Clear
<p><b>UNITED STATES</b></p> <p>Copper Mountain.....</p>		Groomed powder	98%	11.1	145	145	Cloud/snow	
		Grand Teton.....	Powder/packed powder	100%	10.1	150	200	Cloud/snow
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